

# City of Denham Springs, State of Louisiana



## ***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

Approved by the City Council on June 20, 2012  
Attest: Mayor, City of Denham Springs  
City Clerk, City of Denham Springs  
Auditor, City of Denham Springs  
City Engineer, City of Denham Springs  
City Attorney, City of Denham Springs  
City Manager, City of Denham Springs

For The Year Ended June 30, 2012

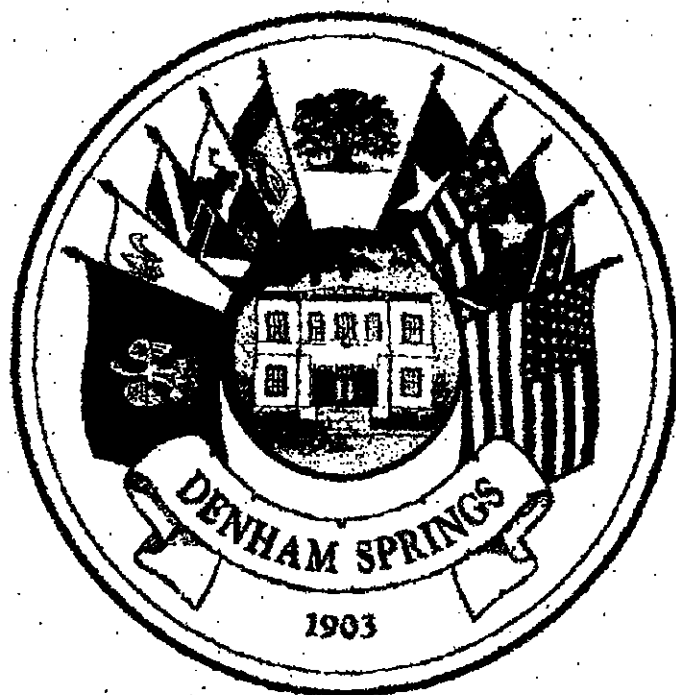
**Comprehensive  
Annual Financial Report  
of the**

**CITY OF DENHAM SPRINGS**

**Denham Springs, Louisiana**

**For the Fiscal Year Ended  
June 30, 2012**

**Prepared by the  
City of Denham Springs  
Accounting Department**



**CITY OF DENHAM SPRINGS  
DENHAM SPRINGS, LOUISIANA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS**

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
<b><u>INTRODUCTORY SECTION</u></b>		
Table of Contents		i
Letter of Transmittal		iv
Principal Elected Officials		xi
Organizational Chart		xii
Certificate of Achievement for Excellence in Financial Reporting		xiii
<b><u>FINANCIAL SECTION</u></b>		
Independent Auditor's Report		1 - 2
Management's Discussion and Analysis		4 - 25
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	Exhibit A-1	27
Statement of Activities	Exhibit A-2	28 - 29
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	Exhibit B-1	30
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	Exhibit B-2	31
Statement of Revenues, Expenditures, and Changes in Fund Balances	Exhibit B-3	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit B-4	33
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	Exhibit B-5	34 - 43

**CITY OF DENHAM SPRINGS  
DENHAM SPRINGS, LOUISIANA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS (CONTINUED)**

	<b><u>EXHIBIT/ SCHEDULE/ TABLE</u></b>	<b><u>PAGE NUMBER</u></b>
<b><u>FINANCIAL SECTION (CONTINUED)</u></b>		
<b>Proprietary Funds:</b>		
Statement of Net Assets	Exhibit C-1	44 - 45
Statement of Revenues, Expenses, and Changes in Net Assets	Exhibit C-2	46
Statement of Cash Flows	Exhibit C-3	47 - 48
Notes to Financial Statements		49 - 95
<b>Combining and Individual Fund Statements and Schedules:</b>		
<b>Nonmajor Governmental Funds:</b>		
Combining Balance Sheet	Exhibit D-1	97
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	Exhibit D-2	98
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP) and Actual Capital Projects Fund	Exhibit D-3	99
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Special Revenue Fund	Exhibit D-4	100
<b>Supplementary Exhibits:</b>		
<b>Capital Assets Used in the Operation of Governmental Funds:</b>		
Capital Assets Used in the Operation of Governmental Funds Schedule by Source	Exhibit E-1	101
Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity	Exhibit E-2	102 - 103
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity	Exhibit E-3	104
<b>Supplementary Schedule:</b>		
Schedule of Insurance Coverage in Force	Schedule 1	106 - 110

**CITY OF DENHAM SPRINGS  
DENHAM SPRINGS, LOUISIANA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS (CONTINUED)**

	<b>EXHIBIT/ SCHEDULE/ <u>TABLE</u></b>	<b><u>PAGE NUMBER</u></b>
<b><u>STATISTICAL SECTION (UNAUDITED)</u></b>		
Net Assets by Components	Schedule 2	112 - 113
Change in Net Assets	Schedule 3	114 - 117
Fund Balances of Governmental Funds	Schedule 4	118 - 119
Changes in Fund Balances of Governmental Funds	Schedule 5	120 - 121
General Government Tax Revenues by Source	Schedule 6	122
Assessed and Estimated Actual Value of Taxable Property	Schedule 7	123
Property Tax Rates and Tax Levies Direct and Overlapping Governments	Schedule 8	124 - 125
Principal Property Taxpayers	Schedule 9	126
Property Tax Levies and Collections	Schedule 10	127
Municipal Sales Taxes by Category - General Sales and Use Tax	Schedule 11	128
Ratios of Outstanding Debt by Type	Schedule 12	129 - 130
Ratios of General Bonded Debt Outstanding	Schedule 13	131
Direct and Overlapping Governmental Activities Debt	Schedule 14	132
Legal Debt Margin Information	Schedule 15	133 - 134
Pledged Revenue Coverage	Schedule 16	135 - 136
Demographics and Economic Statistics	Schedule 17	137- 138
Principal Employers	Schedule 18	139
Full Time Equivalent City of Denham Springs Employees by Function	Schedule 19	140 - 141
Operating Indicators by Function	Schedule 20	142 - 151
Capital Asset Statistics by Function	Schedule 21	152 - 153



## *City of Denham Springs*

**MAYOR**  
JAMES E. DURBIN

**CITY CLERK**  
JOAN LEBLANC

**CITY TREASURER**  
CLARENCE E. SPEED, JR.

December 27, 2012

To the Honorable Mayor, Members of the City Council,  
and Citizens of the City of Denham Springs

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Denham Springs (City) for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the City of Denham Springs. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Denham Springs has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Hannis T. Bourgeois, LLP, a firm of licensed certified public accountants has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Denham Springs for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

During the current fiscal year, the City was required to undergo a single audit in conformance with the provisions of the revised Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, Findings and Recommendations, and the Auditor's Report on Compliance and on Internal Control over Financial Reporting, is included in a separately issued report and is available upon request.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of Denham Springs, incorporated in 1903, is located on the western side of Livingston Parish and is adjacent to East Baton Rouge Parish, which contains the capital city of Baton Rouge and is a major industrial area. The City currently occupies a land area of 6.12 square miles and serves a population of 10,390. The City of Denham Springs is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Denham Springs has operated under the mayor-board of aldermen (city council) form of government since 1903. Policy-making and legislative authority are vested in a governing council consisting of five council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing, with the approval of the city council, the heads of the various departments. The mayor and the city council are elected at large. The mayor and the five council members serve four-year terms.

The City of Denham Springs provides a full range of services, including police and fire protection, maintenance of streets and drainage, maintaining landscape beautification, animal control, cemetery, general administrative services, planning and zoning, building inspection, main street program, tourism, recreation, health services, gas services, water services, sewer services, and recycling and solid waste disposal.

A determination of the financial reporting entity to be included in this comprehensive annual financial report (CAFR) is made through the application of criteria established by the Governmental Accounting Standards Board (GASB), Statement 14. A complete explanation of the financial reporting entity is included in the Summary of Significant Accounting Policies in the Notes to the Financial Statements.

The City of Denham Springs financial reporting entity consists of the following:

- The Primary Government – This is the City (all funds under the auspices of the Mayor and the City Council).
- Legally separate component units – These units of government are legally separate from the City government but have a sufficiently close relationship with the government to warrant inclusion in the consolidated financial report.



The financial statements included in this CAFR are as follows:

➤ The City of Denham Springs	Primary Government
➤ Denham Springs Sewerage District No. 1	Blended Component Unit
➤ City Court of Denham Springs - Ward II	Discrete Component Unit
➤ Marshal of City Court of Denham Springs - Ward II	Discrete Component Unit
➤ Denham Springs Economic Development District	Discrete Component Unit

An explanation of the accounting policies of the City of Denham Springs is contained in the Notes to the Financial Statements. The basis of accounting, fund structure, and other significant information on financial policies is explained in detail in the Notes to the Financial Statements.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City of Denham Springs are required to submit requests for appropriation to the government's city treasurer. The city treasurer uses these requests as the starting point for developing a proposed budget. The mayor reviews the proposed budget for revisions and budget message. The city treasurer then presents this proposed budget to the city council for review. The city council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the governing council. Additional details on the budget process are explained in the Notes to the Financial Statements.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented in Exhibit B-5 as part of the financial statements of the governmental funds. The only other governmental funds with annual appropriated budgets are the Capital Projects Fund and the Witness Fee Special Revenue Fund. These funds are considered nonmajor funds. The budget comparisons are presented in Exhibits D-3 and D-4 as part of the financial statements of the governmental funds.

As authorized by the Mayor-City Council, the Accounting Department is entrusted with maintaining accounting systems for the City of Denham Springs in accordance with the best-recognized practices in governmental accounting. It keeps the records for, and with the authority of the Mayor, exercises financial and budgetary control over each City department.

In developing and evaluating the accounting system of the City of Denham Springs, the Accounting Department considers the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the City of Denham Springs government is responsible for ensuring that adequate internal controls are in effect. All internal control evaluations occur within the framework described. The Accounting Department believes that the internal controls of the City of Denham Springs adequately safeguard and provide reasonable assurance of the proper recording of financial transactions.

## **Factors Affecting Financial Condition**

### **Economic Condition and Outlook**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Denham Springs operates.

**Local economy.** The City of Denham Springs continues to enjoy a favorable economic environment and local indicators point to continued stability. The region has a varied industrial base that adds to the relative stability of the unemployment rate. Major industrial areas located within close proximity include the petrochemical manufacturing plants and the companies supported by these plants such as suppliers, contractors, professionals and financial institutions. Add to this the state governmental job availability in the surrounding areas of Baton Rouge, the state capital for the State of Louisiana, and the businesses supported directly and indirectly.

The 2010 BP (British Petroleum) oil spill in the Gulf of Mexico did not result in any negligible economic impact (either positive or negative) to the City of Denham Springs.

The nationwide financial crisis and subsequent economic distress has resulted in population growth in areas near Denham Springs to slowdown. Key to this slowdown is stricter qualifications for housing mortgages. On a positive note, the factors new residents consider when relocating to Livingston Parish continues to be lower crime rates, a respected school system and various quality of life benefits offered such as recreation, arts, antiques, local music concerts, and theater productions. Though investment dollars are limited, retailers continue to follow the population growth and are locating or expanding operations within the City of Denham Springs. Long-term economic outlook and availability of commercial properties with city services including police and fire protection are major factors with retailers deciding to locate here.

The Bass Pro Shop and Islamorada Fish Company Restaurant opened in February 2008. Since that opening date Longhorn Steak House and Hooters Restaurants have opened for business. Amite Crossing boutique strip center construction is complete. Current occupants are Geisha Restaurant, Nom Nom Frozen Yogurt, Nawlins Sports, El Rancho Mexican Grill, Beef Jerky Outlet, Louisiana Discount Liquor, Sports Clips Haircut, Café Phoenicia Mediterranean Cuisine, Swamp Box Cafe, Kimberly Blair, US Nails & Spa, Selective Hearing, Anytime Fitness, Crouching Dragon Restaurant, and Voo Doo BBQ Grill. Amite Crossing strip center has two available spaces for business occupants. Opened in June 2012 is Sam's Club. Anticipated additional construction at the Bass Pro Development is Denham Springs Retail Center to be occupied by Sprint, Rotolo's Pizzeria, Menchie's Yogurt with one vacant space currently available. There is still vacant land available for growth within the Bass Pro Development area.

At the intersection of Range Road North and Highway 190 is the location once occupied by a Winn Dixie grocery store. This store closed in 2003. After renovations this location is now occupied by Albertsons. Its grand opening was Wednesday May 4, 2011.

Underway is construction of a Comfort Suites hotel located off of Rushing Road (LA Hwy. 3003 west) next to the Hampton Inn. Superior Steel has relocated from Baton Rouge to the old East Jordan Iron Works Foundry site off Florida Boulevard. Site purchase has been executed with East Jordan Iron Works Foundry. Superior Steel is a fabricator. Anticipated is the construction of a warehouse by East Jordan Iron Works Foundry for product sales in the region. This warehouse is anticipated to be constructed at the corner of Veterans Boulevard and Florida Street. Currently in the planning stage by developers is the construction of a Holiday Inn hotel on the eastside of South Range Road.

The City of Denham Springs continues to explore additional tracts of land within the City for future commercial growth. The vision is to design streets providing access to vacant available land. Land owners in these identified areas willing to donate the necessary land to construct these streets have the potential to benefit economically from the anticipated commercial growth. The City is currently researching available funding, such as grants, from the State of Louisiana.

The region (which includes the City of Denham Springs and the surrounding unincorporated area within Livingston Parish) has an employed labor force of approximately 56,082. This is according to the Louisiana Department of Labor June 2012 employment numbers. The City's central business district continues to maintain its current 97-100 percent occupancy rate with a variety of stores, specialty shops, and commercial businesses.

### **Major Initiatives in 2012**

The City of Denham Springs has made expansion of sewer services a top priority to areas currently provided water services outside the city limits. During fiscal year 2009, in accordance with Louisiana Revised Statute 33:3911 et seq. and approved by resolution of the Livingston Parish Council adopted December 11, 2008, the City of Denham Springs Council approved on January 26, 2009, the creation of the Denham Springs Sewerage District No. 1 covering areas outside the city limits currently provided water service. The City Council approved the issuance of \$23,750,000 series 2009 utility revenue bonds to finance the cost of constructing sewer lift stations and sewer transmission lines. The bond issue was transacted in November 2009 and net construction funds deposited with the City trustee, Regions Bank. Engineering design is complete and bids have been let and awarded for phases 1-8 and the separate bore package. Construction is complete for all phases as of June 30, 2012. It is anticipated that the initial new sewer customer total will be approximately 2,700. This number has since been revised due to paring the original project to its current limits. It is now anticipated that the new sewer customer total will be approximately 2,200.

### **Long-term financial planning.**

The City will continue to improve services and upgrade infrastructure. Projects planned for the future include:

### **Fire Protection Improvements**

- Maintaining the City's current fire rating of 2. Key to this is the replacement of old water service lines within the City, continued training of firefighters and upgrade of electronic documentation by the fire department.

## **Highway Infrastructure Improvements**

- Construction of an I-12 interchange at Pete's Highway (LA Hwy. 16). This interchange project is to be funded by Federal and State appropriations.
- Rushing Road (LA Hwy. 3003 west) widening project from Range Avenue to Beau Village subdivision. This is to be funded by State and local appropriations.
- Cockerham Road (LA Hwy. 1030) sidewalk/safety/drainage improvement project. This project is to close in ditches on both sides of Cockerham Road (LA Hwy. 1030) between Range Avenue (LA Hwy. 16) and Hatchell Lane (LA Hwy. 1031) adding sidewalks and/or replacing sidewalks currently adjacent to deep ditches. This project anticipates \$1,500,000 of federal enhancement funds and federal safety funds to be available through the State of Louisiana Department of Transportation and Development (DOTD) for construction cost. A match of \$250,881 is anticipated by the City for surveying and engineering cost.
- Hatchell Lane (LA Hwy. 1031) sidewalk/drainage project. The City has authorized Forte and Tablada, Inc. (engineering firm) to make application for federal enhancement/safety dollars through the State of Louisiana Department of Transportation and Development (DOTD). Scope of project and project cost to be determined based on federal/state funding available.
- Planning and funding sources continue to be studied for the upgrade of Cook Road from Pete's Highway and an extension of Cook Road to Juban Road. This planned curb and gutter-street will provide access for the planned construction of a new high school and will provide a link to the new interstate interchange and provide new commercial areas. This is within the area under consideration for annexation and is a project expected to require a minimum of five years to complete.

## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Denham Springs for its recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement by GFOA, a governmental unit must publish an easily readable and efficiently organized CAFR. This report satisfied both accounting principles generally accepted (GAAP) in the United States of America, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Denham Springs has received this award each year for the 16-year period ended June 30, 2011. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of this report on a timely basis could not have been accomplished without the dedicated services of a highly qualified staff. I also acknowledge the thorough, professional, and timely manner in which the audit was conducted by our independent auditors, Hannis T. Bourgeois, LLP (Certified Public Accountants).

Appreciation is also expressed to the Mayor and City Council for their support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

City of Denham Springs

*Clarence E. Speed, Jr.*

Clarence E. Speed, Jr.  
City Treasurer

**CITY OF DENHAM SPRINGS**  
**PRINCIPAL ELECTED OFFICIALS**  
**JUNE 30, 2012**

**Mayor:**

**James E. Durbin**

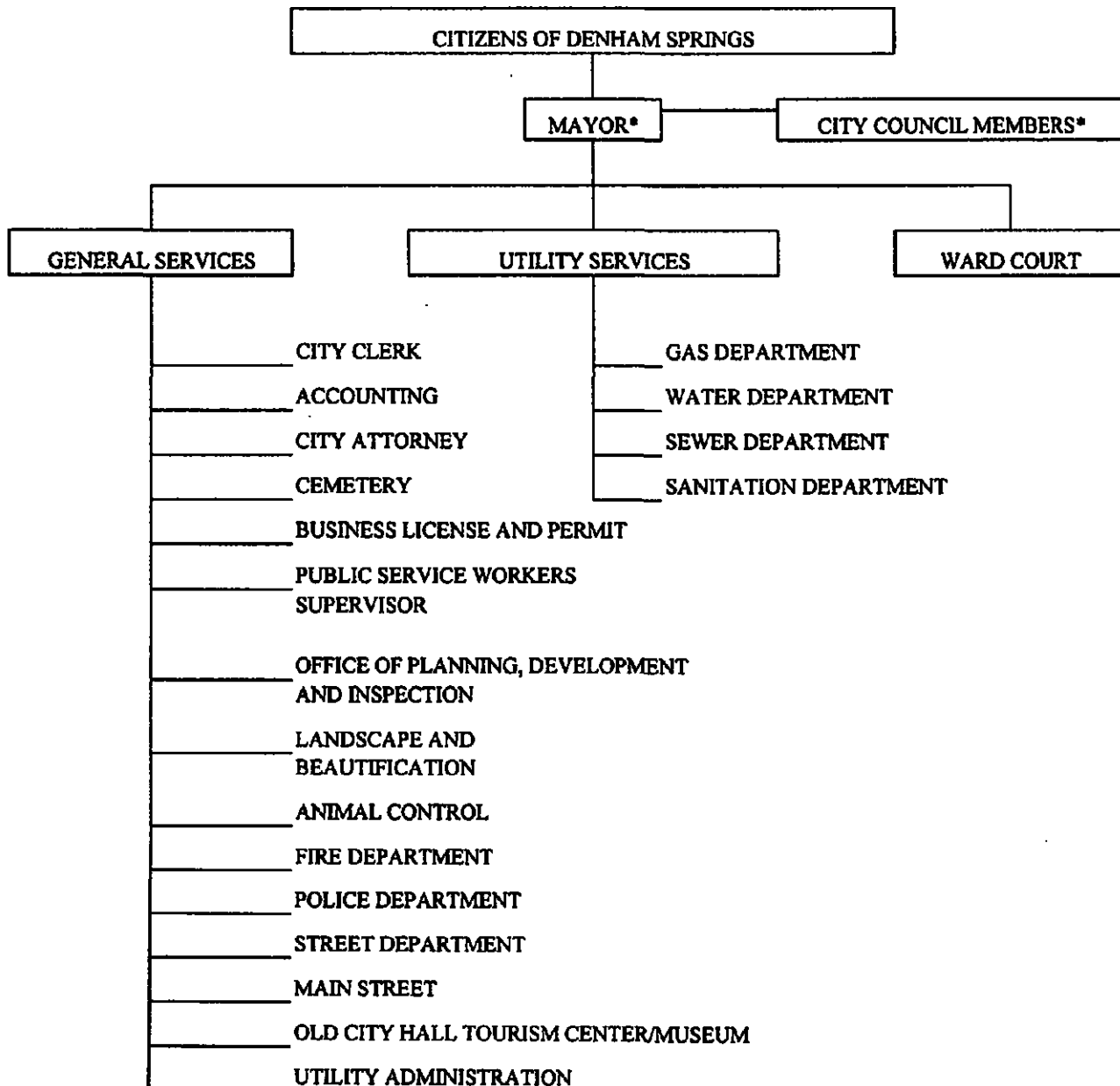
**City Council Members:**  
**Current Terms Expire December 31, 2014:**

**Lori Lamm-Williams**  
**Arthur Perkins**  
**John Wascom**  
**Christopher Davis**  
**Annie M. Fugler**

# CITY OF DENHAM SPRINGS

## ORGANIZATIONAL CHART

JUNE 30, 2012



\* ELECTED OFFICIALS

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Denham Springs  
Louisiana

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

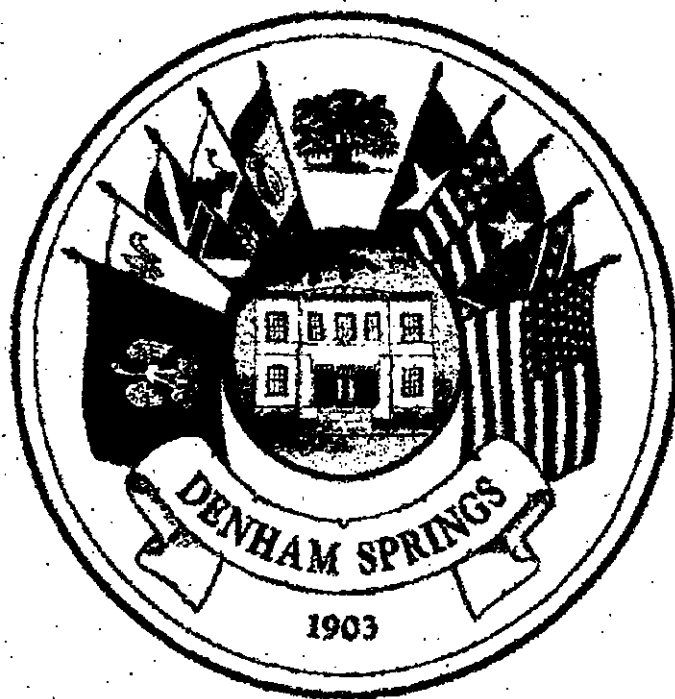
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Morrell*  
President

*Jeffrey R. Emer*  
Executive Director





2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone: 225.928.4770 • Fax: 225.926.0945  
www.htbcpa.com

December 27, 2012

**INDEPENDENT AUDITOR'S REPORT**

The Honorable James E. Durbin, Mayor  
and Members of the City Council  
Denham Springs, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, the budgetary comparison statement of the general fund and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of the City's nonmajor internal service fund and each of the governmental funds presented in the accompanying combining financial statements and the budgetary comparison schedule of the Capital Projects Fund and the Special Revenue Fund as of and for the year ended June 30, 2012, as listed in the table of contents as exhibits D-1 through D-4. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, the budgetary comparison statement of the general fund and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the nonmajor internal service fund, governmental funds and the budgetary comparison schedule of the Capital Projects Fund and the Special Revenue Fund of the City of Denham Springs, Louisiana, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable James E. Durbin  
and Members of the City Council  
City of Denham Springs, Louisiana

In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2012, on our consideration of the City of Denham Springs' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Denham Springs, Louisiana's financial statements as a whole. The introductory section, the capital assets schedules, Exhibits E-1 through E-3, the supplementary schedule, Schedule 1, and the statistical section, Schedules 2 through 21 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The capital assets schedules, Exhibits E-1 through E-3, and the supplementary schedule, Schedule 1, have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections, Schedules 2 through 21, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

*Hannu J. Bourgeois, CPA*

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

As management of the City of Denham Springs, Louisiana, we offer readers of the City of Denham Springs, Louisiana's financial statements this narrative overview and analysis of the financial activities of the City of Denham Springs, Louisiana, for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-x of this report.

### **Financial Highlights**

- The assets of the City of Denham Springs primary government exceeded liabilities at the close of the most recent fiscal year by \$27,672,774 (*net assets*).
- The primary government's total net assets compared to prior year total net assets of \$28,659,677 decreased by (\$986,903).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,306,329, a decrease of (\$388,274) in comparison with the prior year combined ending fund balances of \$3,694,603. Approximately sixty-four percent of this total amount, \$2,107,487, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,107,487 or 20 percent of total general fund expenditures.
- The City's total liabilities decreased by (\$1,158,365) during the current fiscal year. Governmental activities liabilities decreased (\$40,089). Significant to this reduction is a decrease in capital lease of (\$120,714), offset by an increase of \$2,992 for accounts payable and accrued expenses and increase in compensated absences of \$77,633 in an attempt to control overtime payments for fire and police. Business-type activities liabilities decreased (\$1,118,276). Key to this decrease is principal payment of 2006 bond issue debt of (\$485,000), principal payment of 2008 bond issue debt of (\$175,000), decrease in amortization of issuance premium of (\$4,931), offset by amortized bond issuance discount of \$2,211, and an increase in City employee compensated absences of \$2,794, and a decrease of (\$458,351) of accounts payable and accrued expenses.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City of Denham Springs's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* (see Exhibit A-1 and A-2) are designed to provide readers with a broad overview of the City of Denham Springs's finances, in a manner similar to a private-sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. The statements combine all governmental funds and internal service funds current financial resources with capital assets and long-term obligations. Also presented in the government-wide financial statements is a total column for the business-type activities of the primary government. Component units are separate legal governmental entities to which the City of Denham Springs may be obligated to provide financial assistance and are presented as a separate column in the government-wide statements and as individual activities within the basic financial statements. All City of Denham Springs discretely presented component unit agencies issue separate independently audited financial statements.

The *Statement of Net Assets* (Exhibit A-1) presents information on all of the City of Denham Springs's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Denham Springs is improving or deteriorating.

The *Statement of Activities* (Exhibit A-2) presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities which are funded by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost of various governmental services and/or subsidy to various governmental and business-type activities and component units.

Both of the government-wide financial statements distinguish functions of the City of Denham Springs that are principally supported by taxes, licenses, permits, fines and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Denham Springs include general government, public safety, highways and streets, health, and culture and recreation. The business-type activities of the City of Denham Springs include a natural gas and water distribution operation, a sewer disposal operation, and a contracted solid waste disposal operation. In addition, on January 26, 2009 the City of Denham Springs created Denham Springs Sewerage District No. 1. This new sewer district encompasses unincorporated areas in Livingston Parish that the City currently provides natural gas and water services. Denham Springs Sewerage District No. 1 was created in accordance with Louisiana Statute and approved by resolution adopted by the Livingston Parish Council. Denham Springs Sewerage District No. 1 is a blended component unit. Blending is the method of reporting the financial data of a component unit to present the component unit's balances and transactions in a manner similar to the presentation of the balances and transactions of the primary government. All business-type activities are included in a single Utility Enterprise Fund.

The government-wide financial statements include not only the City of Denham Springs itself (known as the *primary government*), but also a legally separate City Court of Denham Springs Ward II and a legally separate Marshall of City of Denham Springs - Ward II for which the City of Denham Springs is financially accountable. In addition to the state constitutionally defined agencies included above, the City has created an Economic Development District under Louisiana Statute, the Denham Springs Economic Development District, to assist the City and surrounding area in the creation of economic development, to improve employment and to otherwise improve the economic condition of the City of Denham Springs and surrounding areas. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are presented in Exhibits A-1 and A-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Denham Springs, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Denham Springs can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Denham Springs maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other four governmental funds (capital projects, debt service, permanent, and special revenue) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Denham Springs adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are presented in Exhibits B-1 to B-5 of this report.

**Proprietary funds.** The City of Denham Springs maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Denham Springs uses enterprise funds (Utility Enterprise Fund and Denham Springs Sewer District Number 1) to account for its natural gas and water distribution operation, sewer disposal operation, and contracted solid waste disposal operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Denham Springs uses an internal service fund to account for fuel and maintenance cost for its fleet of vehicles and equipment. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the enterprise funds consisting of the natural gas and water distribution operation, sewer disposal operation, and contracted solid waste disposal operation, which are considered to be major funds of the City of Denham Springs. Conversely, the internal service fund is a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements are presented in Exhibits C-1 to C-3 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Cash management policies and practices of the City of Denham Springs conservatively invest idle funds in certificates of deposit through its current fiscal agent, Capital One, N.A. Commencing December 14, 2009 the City shifted certificates of deposit balances into public funds interest bearing checking accounts through Capital One, N.A. This change was necessitated by the extremely low interest rates (around 0.45%) offered for reinvesting certificates of deposit proceeds. All investments are collateralized with securities pledged by the financial institution and held in our name by an approved third-party custodial bank. Procedures followed and securities pledged are in accordance with the Statutes of the State of Louisiana. The average yield on the public funds interest bearing checking account was 0.48% for the fiscal year ended June 30, 2012.

Risk management - during the fiscal year ended June 30, 2012 management believes the City is fully insured for all major risks, such as General Liability, Worker's Compensation, Employee and Public Official Fidelity Bonds, and Fire Extended Coverage and Flood Insurance. The City maintains no self-insurance program at June 30, 2012.

Additional information on the City of Denham Springs cash management policies and practices and risk management can be found in the notes to the financial statements on pages 49-95 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, the combining statements, and the individual budgetary comparison schedules referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. The combining and individual fund statements and schedules are presented behind the notes to the financial statements as Exhibits D-1 to D-4 of this report.

#### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Denham Springs, assets exceeded liabilities by \$27,672,774 at the close of the most recent fiscal year.

By far the largest portion of the City of Denham Springs's net assets (92 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding. The City of Denham Springs uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Denham Springs's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

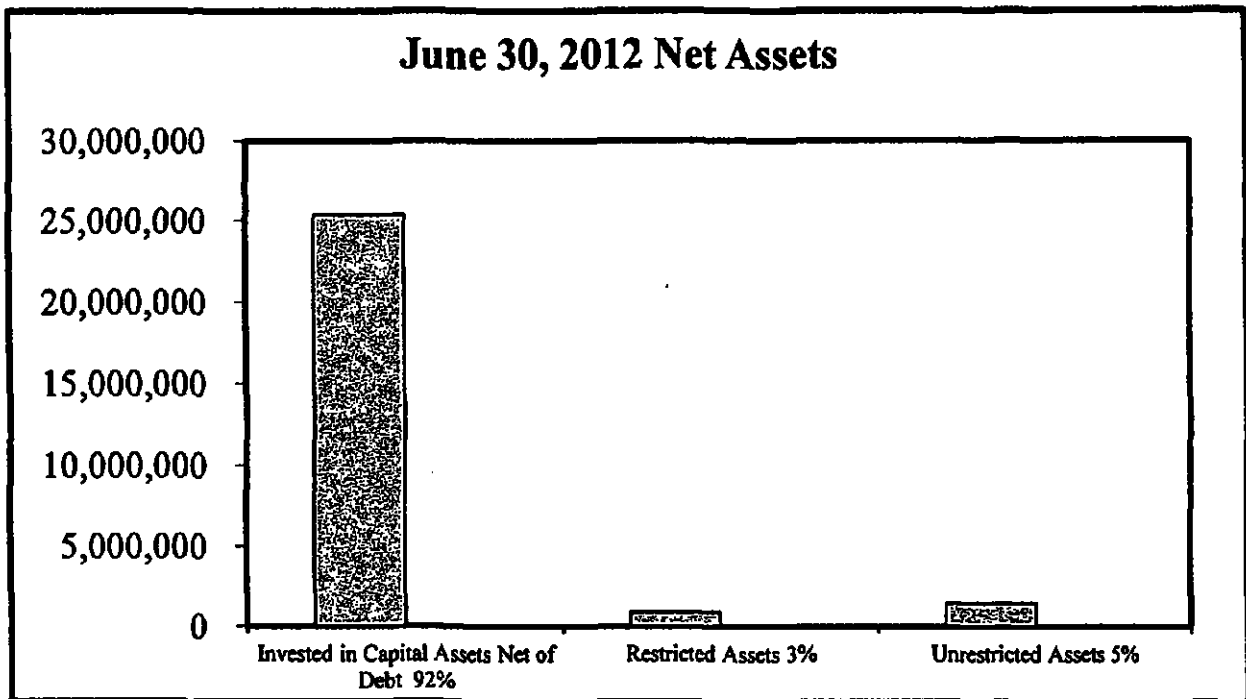


The following table reflects the Condensed Statement of Net Assets for June 30, 2012 with comparative figures from 2011.

City of Denham Springs  
Condensed Statement of Net Assets  
June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets:</b>						
Current and Other Assets	\$ 4,143,394	\$ 4,498,038	\$ 2,971,145	\$ 2,626,832	\$ 7,114,539	\$ 7,124,870
Restricted Assets	-	-	1,854,555	9,870,377	1,854,555	9,870,377
Capital Assets	8,769,601	8,722,519	67,997,769	62,163,966	76,767,370	70,886,485
Total Assets	12,912,995	13,220,557	72,823,469	74,661,175	85,736,464	87,881,732
<b>Liabilities:</b>						
Current Liabilities	980,004	914,942	3,174,494	3,607,009	4,154,498	4,521,951
Long-Term Liabilities	728,454	833,605	53,180,738	53,866,499	53,909,192	54,700,104
Total Liabilities	1,708,458	1,748,547	56,355,232	57,473,508	58,063,690	59,222,055
<b>Net Assets:</b>						
Invested in Capital						
Assets Net of Debt	8,471,515	8,303,719	16,891,492	17,939,388	25,363,007	26,243,107
Restricted	877,924	839,347	4,045	3,993	881,969	843,340
Unrestricted	1,855,098	2,328,944	(427,300)	(755,714)	1,427,798	1,573,230
Total Net Assets	\$ 11,204,537	\$ 11,472,010	\$ 16,468,237	\$ 17,187,667	\$ 27,672,774	\$ 28,659,677

For more detailed information see Exhibit A-1, the Statement of Net Assets.



Approximately 92% or \$25,363,007 of the City's net assets at June 30, 2012, reflects the government's investment in capital assets (land, buildings, infrastructure, machinery and equipment) less any related debt to acquire those assets. The City uses these capital assets to provide services to the citizens of Denham Springs and, therefore, these assets are not available for future spending. An additional portion of the City of Denham Springs' net assets, 3 percent or \$881,969, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,427,798 or 5 percent are unrestricted net assets and may be used to meet government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Denham Springs is able to report positive balances in all three categories of net assets for the government as a whole and a positive balance for the governmental activities. Only two of the three categories for the business-type activities report a positive balance.

Restricted assets reported in connection with the City of Denham Springs' business-type activities decreased (\$8,015,822) compared to the prior fiscal year. The key factor in this net decrease is construction payments in the newly created Denham Springs Sewerage District No. 1 at June 30, 2012.

The City's net assets decreased by (\$986,903) during the current fiscal year as compared to 2011's increase of \$1,144,570. Attributable to this decrease is investments in capital assets, net of related debt of (\$880,100), offset by increase in restricted net assets of \$38,629, and a decrease in unrestricted net assets of (\$145,432). Key to decrease in unrestricted net assets in governmental activities is investment in streets, drainage, sidewalks, parking, and parks. Key to decrease in unrestricted net assets in business-type activities is cash transfers from City of Denham Springs Utilities to Denham Springs Sewerage District No. 1 (DSSD #1) for debt service payments and operational cost. As of June 30, 2012 the DSSD #1 owes the City of Denham Springs Utilities \$934,589.

The condensed statement below provides a summary of the changes in net assets for the year ended June 30, 2012, with comparative figures from 2011.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 676,764	\$ 735,628	\$ 10,232,359	\$ 9,362,452	\$ 10,909,123	\$ 10,098,080
Operating Grants and Contributions	518,005	853,316	30,750	-	548,755	853,316
Capital Grants and Contributions	563,364	276,453	281,339	2,761,000	844,703	3,037,453
<b>General Revenues:</b>						
Sales Taxes	6,627,015	6,343,589	-	-	6,627,015	6,343,589
Other Taxes	1,943,510	1,972,799	-	-	1,943,510	1,972,799
Miscellaneous	538,527	571,449	20,539	91,277	559,066	662,726
Other	5,804	8,527	11,332	11,893	17,136	20,420
<b>Total Revenues</b>	<b>10,872,989</b>	<b>10,761,761</b>	<b>10,576,319</b>	<b>12,226,622</b>	<b>21,449,308</b>	<b>22,988,383</b>
<b>Expenses:</b>						
General Government	2,076,944	2,049,444	-	-	2,076,944	2,049,444
Public Safety	6,930,110	6,818,702	-	-	6,930,110	6,818,702
Highways and Streets	1,927,226	2,406,333	-	-	1,927,226	2,406,333
Health	52,623	82,048	-	-	52,623	82,048
Culture and Recreation	134,582	94,656	-	-	134,582	94,656
Interest on Long-Term Debt	18,977	27,237	-	-	18,977	27,237
Gas	-	-	2,568,005	3,260,737	2,568,005	3,260,737
Water	-	-	2,417,291	2,384,053	2,417,291	2,384,053
Sewer	-	-	5,233,099	3,839,131	5,233,099	3,839,131
Sanitation	-	-	884,991	881,472	884,991	881,472
<b>Total Expenses</b>	<b>11,140,462</b>	<b>11,478,420</b>	<b>11,103,386</b>	<b>10,365,393</b>	<b>22,243,848</b>	<b>21,843,813</b>
<b>Increase (Decrease) in Net Assets Before Special Items</b>	<b>(267,473)</b>	<b>(716,659)</b>	<b>(527,067)</b>	<b>1,861,229</b>	<b>(794,540)</b>	<b>1,144,570</b>
<b>Special Item</b>	<b>-</b>	<b>-</b>	<b>(192,363)</b>	<b>-</b>	<b>(192,363)</b>	<b>-</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(267,473)</b>	<b>(716,659)</b>	<b>(719,430)</b>	<b>1,861,229</b>	<b>(986,903)</b>	<b>1,144,570</b>
<b>Net Assets - Beginning of Year</b>	<b>11,472,010</b>	<b>12,188,669</b>	<b>17,187,667</b>	<b>15,326,438</b>	<b>28,659,677</b>	<b>27,515,107</b>
<b>Net Assets - End of Year</b>	<b>\$ 11,204,537</b>	<b>\$ 11,472,010</b>	<b>\$ 16,468,237</b>	<b>\$ 17,187,667</b>	<b>\$ 27,672,774</b>	<b>\$ 28,659,677</b>

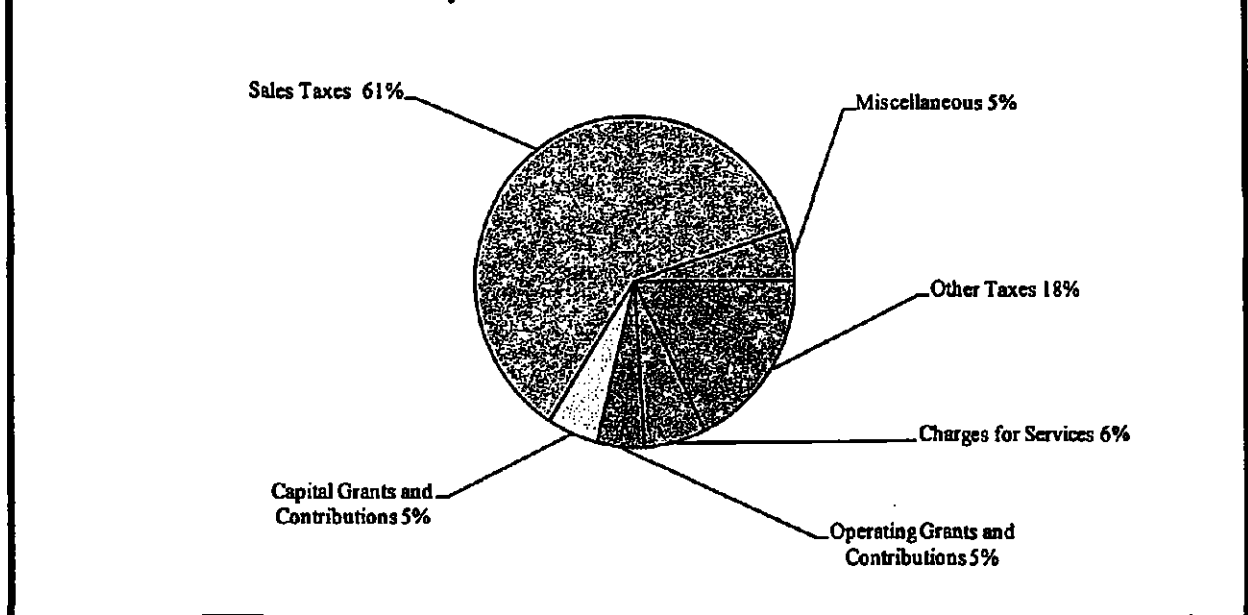
**Governmental activities.** Governmental activities decreased the City of Denham Springs's net assets by (\$267,473), thereby accounting for 27 percent of the total decrease in the net assets of the City of Denham Springs. Overall, comparing current fiscal year changes to prior fiscal year changes in net assets resulted in a change in net assets of \$449,186. Key elements of this net decrease are documented below.

Total revenues from Governmental activities increased by \$111,228 over the prior year caused mainly by the following:

- Ad Valorem Taxes commonly referred to as property taxes decreased (\$4,838) or 2.3%. Key to this decrease is valuation of taxpayer property within the City.
- Sales taxes increased by 4.5% or \$283,426 during the fiscal year. Compared to the prior fiscal year this increase is attributable to a 5.8% or \$337,532 increase in sales tax collected other than Bass Pro Development, an increase of 0.3% or \$652 in retail sales tax collected from the Bass Pro Development, offset by a decrease of 17.4% or (\$52,999) in sales tax collected from vehicle sales, and refunded through audits increased 26.6% or (\$1,759).

- Occupational License and Permit Fees increased \$37,055. Key to this increase is collection of occupational license taxes of \$42,149, offset by a decrease in collection of insurance license taxes of (\$2,175), and by a decrease in Other Permits and Licenses of (\$2,919).
- Franchise fees decreased by (\$61,506). Compared to the prior fiscal year Entergy Corporation remitted decreased electrical franchise fees of (\$64,230), DEMCO remitted decreased electrical franchise fees (\$5,228), Cox Communications remitted decreased cable television franchise fees (\$3,103), offset by AT&T UVERSE remitting increased cable television franchise fees of \$10,985, and an increase in wrecker franchise fees of \$70. Attributable to Energy and DEMCO franchise fees decrease is very low fuel cost, mild winter and moderate summer. Cable Television franchise fees decrease for Cox Communication is summed up in one word "competition". The Louisiana Legislature opened the franchise areas to competition from AT&T.
- Charges for services decreased by (\$58,864) during the fiscal year. This is mainly attributable to a decrease in fines collected of (\$51,288), a decrease in animal adoption fees of (\$1,348), a decrease in wreck report fees of (\$771), a decrease in witness fees of (\$3,797), and a decrease in road maintenance fees of (\$1,660). This occurred due to a contract change with the State of Louisiana Department of Transportation and Development (DOTD) to maintain state road right-of-way within the city limits.
- Operating grants and contributions decreased (\$335,311) during the fiscal year. This net decrease is mainly attributable to prior fiscal year federal highway transportation grant received for a streetscape project within the City's Antique District (Main Street) of (\$359,171), a prior year decrease of (\$2,117) in corporate contributions toward public safety, a decrease in On-Behalf payments of (6,568) from the State of Louisiana for police and fire supplemental pay, offset by an increase of \$21,840 in public safety grants, an increase in public safety forfeited assets of \$15,237, a decrease of (\$8,332) of miscellaneous culture and recreation grants, and a increase of \$3,800 to participate in the Smithsonian grant entitled "Journey Stories" cataloging the varied stories of settling in Livingston Parish and particularly, Denham Springs.
- Capital Grants and Contributions increased by \$286,911. This mainly attributable to a federal highway grant through the Louisiana Department of Transportation and Development (DOTD) for the overlay of Tate Road of \$332,611 for the Tate Road Project. Other capital grants for the fiscal year are a state grant to replace the air conditioner handlers at the municipal buildings (energy efficiency grant) totaling \$61,704, other donation by commercial business granting the city a drainage servitude valued at \$2,668, other donation by the Denham Springs Housing Authority of \$74,165 for Phase II of the Antique District parking lot project, and other donation from Denham Springs Green for the Willow Woods Walking Trail Project totaling \$19,000 and state grant of \$73,216. The prior fiscal year other capital grants/other donations was \$276,453.
- Interest income decreased during the current fiscal year by (\$2,723). This decrease was mainly caused by the Federal Open Market Committee continuing to maintain interest rates at 0.0% to 0.25%. This committee sets the Federal Reserve policy for the overnight bank lending rate, which raises the rate earned on invested funds. Of further note is a shift of investment dollars to public funds interest bearing checking accounts. The interest rate as of June 30, 2012 averaged 0.48% for public funds interest bearing checking accounts. Currently for the fiscal year of July 1, 2012 through June 30, 2013 interest rates on dollars deposited into public interest bearing checking accounts are averaging 0.39%.
- Miscellaneous Income decreased by (\$32,922). This net reduction in revenue resulted from charitable gaming tax decrease of (\$16,172), and sale of asset revenue decrease of (\$25,807), offset by other net increases of \$9,057.

### Revenues by Source - Governmental Activities

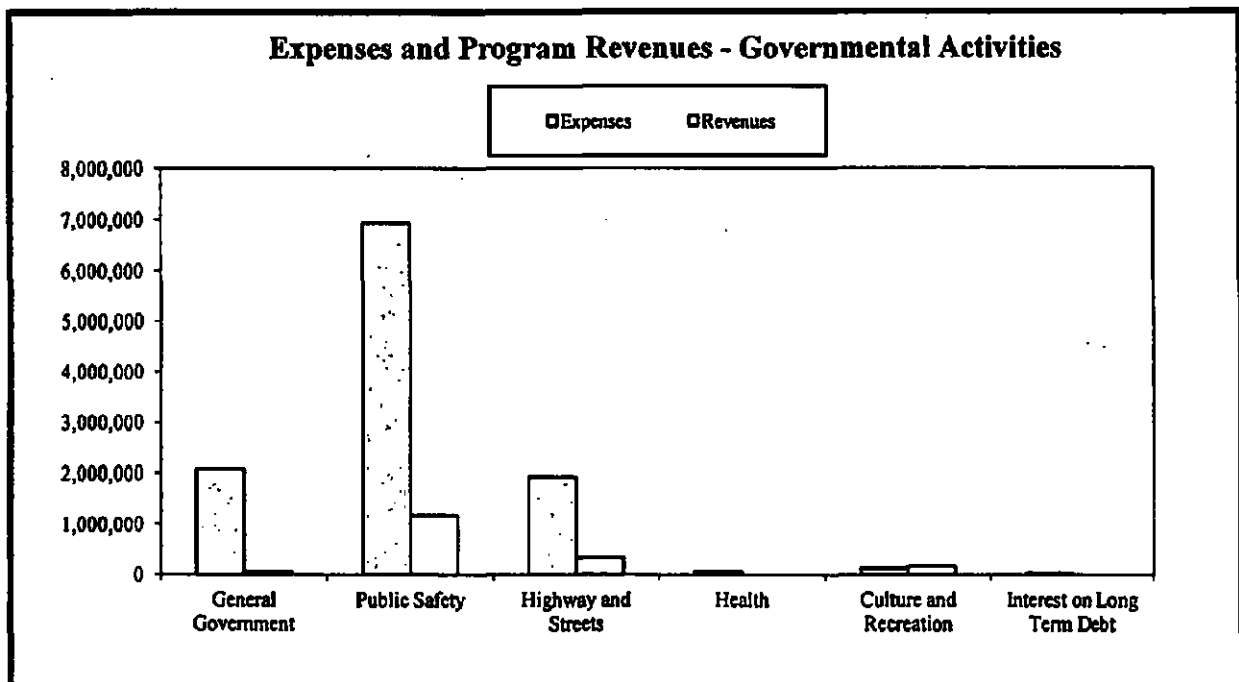


Total expenses from Governmental Activities decreased by (\$337,958) due to the following reasons:

- Total salaries charged to governmental activities decreased from \$5,427,444 to \$5,396,541 for a net decrease of (\$30,903) or 0.6%. This net decrease in salaries resulted from employee vacancies going unfilled or temporarily unfilled and a decrease in overtime for the street departments.
- Related payroll taxes and employee benefits charged to governmental activities increased from \$1,849,042 to \$1,885,455 for a net increase of \$36,413 or 2%. Key to this increase is the rising cost of employer contribution to employee fire and police retirement systems.
- General Government, other than salaries and benefits, decreased (\$12,267). General Provisions increased \$12,707 attributable to various expenses, Cemetery department decreased (\$6,449) mainly due to a decrease in the annual service contract, Tax department increased \$5,531 mainly due to sales tax collection fees, Ward Court decreased (\$5,550) mainly due to reduction in payments to component units, Planning and Zoning department decreased (\$5,175) mainly due to decreased demolition cost, Landscape department decreased (\$1,606) due to insurance cost of landscape contractor coverage for workers compensation, an increase of \$287 for Cemetery Care permanent fund, a decrease of (\$10,569) for special revenue fund – Witness Fee, depreciation expense decreased (\$1,831), the adjustment to compensated absences increased \$823, and motor pool allocation decreased (\$435).
- Public Safety activities other than salaries and benefits increased \$117,433. Attributable to this increase is Animal Control expenses of \$26,963, Fire department expenses increase of \$43,973, Police department expenses increase of \$41,125, an increase in depreciation expense of \$6,063, an increase of \$1,612 in adjustment to compensated absences, a decrease for motor pool allocation of (\$2,303).
- Highways and Streets activities decreased (\$447,297). Key to this net decrease is increase of \$117,325 for Street department expenses, a Street department decrease of (\$7,206) for street lighting, a decrease of (\$520,083) in highway widening and enhancement projects, a decrease in depreciation expense of (\$11,857), a decrease of (\$25,175) in adjustment to compensated absences, and a decrease of (\$301) for motor pool allocation.
- Health activities decreased (\$29,425). Council on Aging expenses decreased (\$20,328), a decrease of (\$9,224) funding garbage collection at the Denham Springs Housing Authority units located at Eugene Street, an increase of \$3,904 in pest control expense for mosquito spraying; this program is handled by

the parish government mosquito program funded by a \$30 yearly assessment on City of Denham Springs residents; an increase of \$1,000 contributing to the local food bank, and a decrease of (\$4,777) for Youth and Family Counseling building maintenance expenses. The Council on Aging program and the Youth and Family Counseling program operate from City owned buildings in accordance with executed cooperative endeavor agreements.

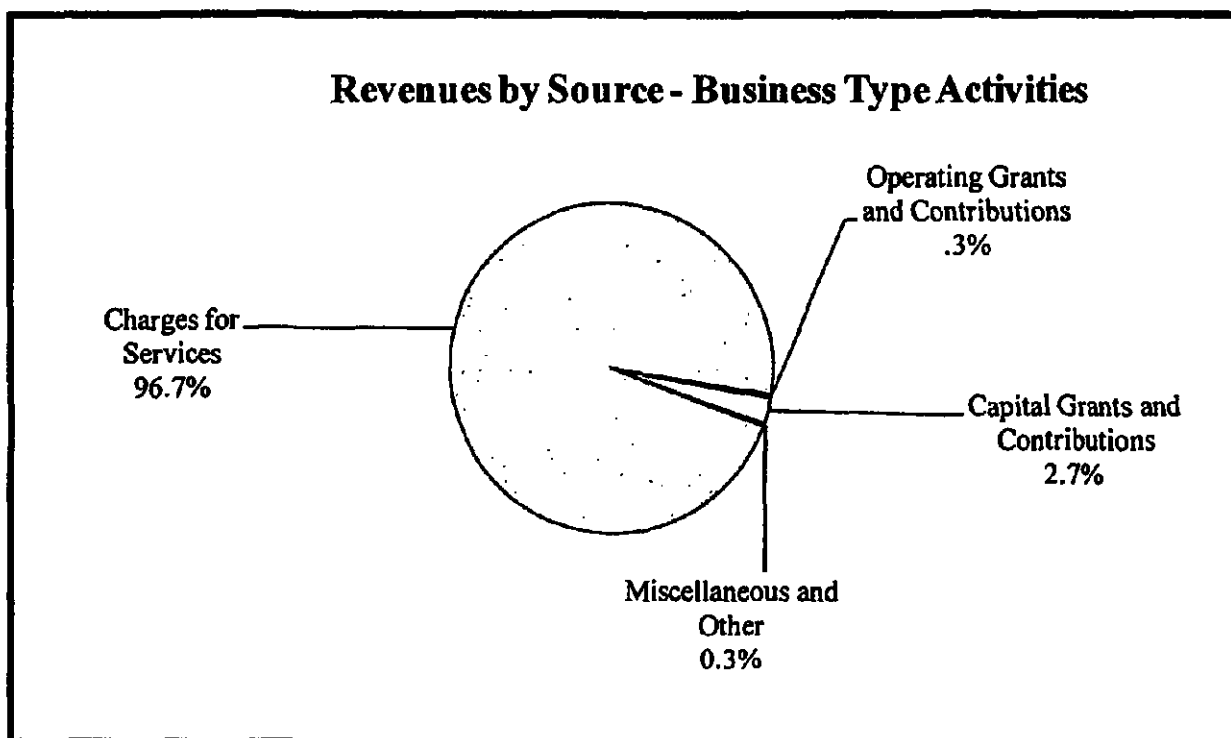
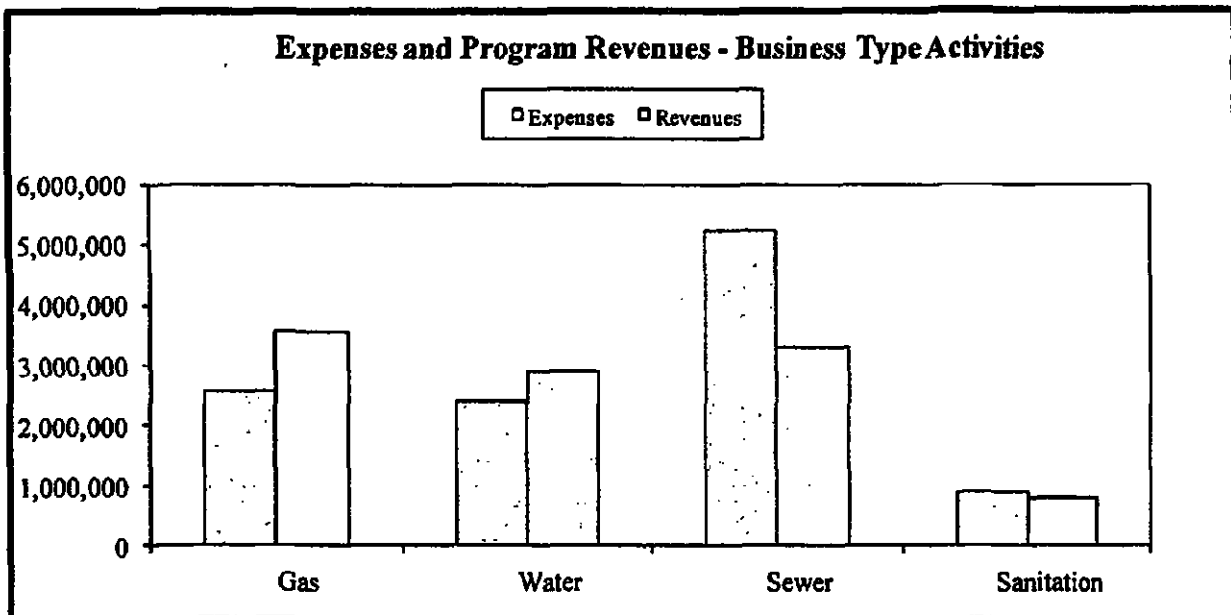
- Culture and Recreation activities increased \$36,348. This net increase is attributable to increase of \$12,385 toward support for the City's Main Street program (Antique District) and the operation and maintenance cost of the old city hall building as a tourist information center and museum plus the office supplies, printing, communication cost and other expenses required by the secretary staffing the renovated old city hall building , an increase of \$23,652 in depreciation expense for the renovated old city hall building and an increase of \$311 for an adjustment for compensated absences.
- Interest on Long-Term Debt decreased (\$8,260) as the City pays down the original debt amount of \$979,291 for financing a fire aerial truck and a fire pumper truck. See notes to financial statements for additional detail on this long-term debt.



**Business-type activities.** Business-type activities decreased the City of Denham Springs's net assets by (\$719,430) accounting for 73 percent of the total decrease in the government's net assets as compared to a prior fiscal year change in net assets of \$1,861,229 or 100 percent. Overall, comparing current fiscal year changes to prior fiscal year changes resulted in net assets change of (\$2,580,659). Key elements to this net decrease are documented below.

- Overall charges for services for business-type activities increased \$869,907 compared to prior fiscal year. Gas charges for services decreased (\$294,213), water charges for services increased \$547,342, sewer charges for services increased \$576,077 and sanitation charges for services increased \$40,701. Key to decrease in Gas charges is significant reduction in fuel cost billed. Note that fuel cost billed varies from year to year based on price and volume purchased.

- Business-type activities expenses increased \$737,993.
  - Gas Department expenses decreased (\$692,732) compared to prior fiscal year. This is mainly due to a (\$517,728) lower natural gas fuel cost purchase price, offset by decrease in direct expenses of (\$164,046) and an decrease in general and administrative expenses of (\$10,958).
  - Water Department expenses increased \$33,238 compared to prior fiscal year. This is attributable to \$3,224 increase in direct expenses, an increase of \$68,218 in general and administrative expenses, offset by a decrease of (\$38,204) in non-operating expenses. Of note are increased general and administrative professional fees of \$53,700 mostly attributable to the backflow prevention program, offset by decreased interest expense and amortization expense on bond issues of (\$38,204).
  - Sewer Department expenses increased \$1,393,968 compared to prior fiscal year. For the City of Denham Springs' Utility Fund the increases in sewer operations are attributable to an increase of \$27,877 in direct expenses, an increase of \$5,458 in general and administrative expenses, and an increase of \$16,399 for non-operating expenses. For the Denham Springs Sewerage District No. 1 the increases in sewer operations are attributable to an increase of \$555,150 in direct expenses, an increase of \$44,606 in general and administrative expenses and an increase of \$744,478 in non-operating expenses (interest expense). Significant to the Denham Springs Sewerage District No. 1 increase in direct expenses is depreciation expense increase of 308,433, maintenance expenses of \$105,621 and overhead allocation of treatment plant cost of \$104,796. The increase in direct expenses and non-operating expenses for DSSD#1 are mainly due to being fully operational for the fiscal year.
  - Sanitation Department expenses increased \$3,519 compared to prior fiscal year. This is attributable to an increase of \$3,231 in direct expenses, and an increase of \$288 in general and administrative expense.
- Business-type program revenues – operating grants and contributions increased \$30,750 for a State of Louisiana 2010-2011 Community Water Enrichment Fund state appropriation grant to replace cast iron water lines on Cedar Street.
- Business-type program revenues – capital grants and contributions decreased (\$2,479,661). This is attributable to prior year servitude valuations for the new Denham Springs Sewerage District No. 1.
- Business-type activities miscellaneous income decreased (\$70,738), and interest income decreased by (\$561).
- Business-type activities special item – Increase of \$192,363 for current fiscal year write-down. During the previous fiscal year, the City of Denham Springs Sewer District No. 1 purchased the private sewer system assets of MO-DAD, INC. and TESI. During the current fiscal year as the City of Denham Springs Sewer District No. 1 gravity sewer lines were placed on-line, the mechanical sewer treatment plants purchased from MO-DAD, INC. and TESI were placed off-line. This caused the previous mechanical sewer treatment facilities to be obsolete and no longer being used. This resulted in a write-down in the value of these assets of (\$192,363) as a special item.



## Financial Analysis of the Government's Funds

As noted earlier, the City of Denham Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Denham Springs's *governmental funds* is to provide information on near-term inflow, and balances of *spendable* resources. Such information is useful in assessing the City of Denham Springs's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.



As of the end of the current fiscal year, the City of Denham Springs's governmental funds reported combined ending fund balances of \$3,306,329, a decrease of (\$388,274) in comparison with the prior fiscal year. The governmental fund reporting includes the following classifications: Nonspendable, Restricted For, Committed To, Assigned To, and Unassigned. Approximately 64% of this total amount, \$2,107,487, constitutes unassigned fund balance, which is available for spending at the government's discretion. Nonspendable fund balance is \$948,314 or 29%. Nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City Nonspendable classification meet both (a) and (b). Prepaid Insurance meets Nonspendable (a) and Permanent Fund Principal meets Nonspendable (b). Permanent Fund Principal is established to generate income to pay for the perpetual care of the municipal cemetery. Restricted fund balances are restricted to specific purposes (witness fees and Lakeland Acres Subdivision 1994 paving certificates debt service). Restricted fund balances are \$102,027 or 3%. Assigned fund balance is constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed, except for stabilization arrangements. Assigned to Capital Projects ended the fiscal year with a fund balance of \$148,456 or 4%. The City does not have any Governmental Fund "Committed To" fund balances for this fiscal year ended. Committed To amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Committed to amounts are established by authorization specifying the purposes of which the amount can be used (for example legislation, resolution, ordinance). The authorization specifying the purposes for which amounts can be used should have the consent of both the City Council and Mayor.

The general fund is the chief operating fund of the City of Denham Springs. At the end of the current fiscal year total general fund balance is \$2,279,949. General fund balance has two classifications. Nonspendable - prepaid insurance fund balance of \$172,462 or 8%, and Unassigned fund balance of \$2,107,487 or 92%. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19 percent of total general fund expenditures. Total fund balance represents 21 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the City of Denham Springs' general fund decreased by (\$462,674), as compared to the prior fiscal year net change in fund balance of (\$476,191). Key factors in this decrease are as follows:

- General fund revenue resulted in a net increase of \$149,746 compared to the prior fiscal year. Key factors to this net increase are:
  - Increase in net tax revenues of \$207,568. This increase is attributable to alcoholic beverage tax of \$6,663, an increase of \$7,882 in cable TV franchise taxes, an increase of \$283,426 in sales taxes, and an increase in wrecker franchise taxes of \$70, offset by decrease of (\$4,838) in ad valorem taxes, a decrease of (\$5) in chain store taxes, a decrease of (\$16,172) in charitable gaming taxes, and a decrease of (\$69,458) in electrical franchise taxes.
  - Increase in licenses and permits of \$37,055 due mainly to Sam's Club store location.
  - Decrease in fines and forfeits of (\$51,288) or 8%, compared to prior fiscal year amount.
  - Decrease in interest income of (\$1,973).
  - Decrease in fees of (\$3,008). Of note are decreases in animal adoption fees of (\$1,348) and road maintenance fee of (\$1,660). Road maintenance fee is a contract with the State of Louisiana Department of Transportation and Development (DOTD) to maintain their right-of-ways within the limits of the City of Denham Springs.
  - Decrease in intergovernmental revenue of (\$36,488).
  - Decrease in miscellaneous revenue of (\$2,120).

- These revenues have been detailed in the governmental activities section above – pages 10-11. Key to future revenue growth will be economic stability of Livingston Parish and the southeastern portion of the State of Louisiana.
- General fund expenditures resulted in a net increase of \$335,976 compared to the prior fiscal year. Key factors in this net increase are:
  - General government expenditures increased by \$97,673. Salaries increased \$30,886 or 4.21% and benefits increased \$8,881 or 4.57%, building improvements increased \$61,705 replacing air conditioner mechanical air handlers through an energy efficiency and conservation block grant, equipment purchased decreased (\$3,257), contracted cemetery services decreased (\$3,665), and a net increase of \$3,123 for all the other expenses.
  - Public Safety expenditures increased \$176,183. Salaries decreased (\$26,775) or 0.7%, benefits increased \$20,750 or 1.5%, equipment purchases increased \$70,147 and all other expenses netted an increase of \$112,061 or 10.3%. For the animal control the all other expenses netted an increase of \$26,963 mainly for animal care expense, the fire department the all other expenses netted an increase of \$43,973, and the police department the all other expenses netted an increase of \$41,125.
  - Highways and Street expenditures increased \$76,489. Of note is decrease in salaries of (\$38,071) or 4.7%, benefits increased \$6,261 or 2.7%, equipment purchases decreased (\$4,568), increase due to land/right-of-way acquired for drainage project valued at \$2,748, contract services increased \$165,564 due to net overpayment by FEMA for Hurricane GUSTAV debris removal cost, equipment expense decreased (\$3,851), street maintenance and materials decreased (\$44,655), street lighting expense decreased (\$7,206) and all other expenses netted an increase of \$267.
  - Health activities decreased (\$29,425). Council on Aging decreased (\$20,328) due to transfer of utility cost from the city, Denham Springs Housing Authority decreased (\$9,224) due to garbage collection services being transferred from the city, Youth and Family Counseling decreased (\$4,777) due to \$5,000 program contribution compared to prior year program contribution of \$10,000, offset by an increase of \$1,000 for the local food bank, and \$3,904 for pest control mainly for purchase of mosquito chemicals. The mosquito program is administered through parish government. The Council on Aging program and Youth and Family Counseling program operate from City owned buildings in accordance with executed cooperative endeavor agreements.
  - Culture and Recreation activities increased \$12,409. Of note increase in salary and wages paid of \$3,057 and increase in benefits of \$521 for the employees staffing the old city hall building, increase of \$2,821 for Smithsonian grant "Journey Stories", increase of \$7,618 for operational and maintenance cost at the old city hall building operating as a tourist information center and museum, and an increase of \$2,077 promoting City of Denham Springs Main Street through brochures and advertisements.
  - Debt Service increased \$2,647. Payment of principal increased \$10,620 and payment of interest decreased (\$7,973). These decreases are attributable to the City paying off debt financing police cruisers and timely payment of debt financing a fire aerial truck and a fire pumper truck. Payment terms require six annual payments, with the fifth payment timely remitted on April 1, 2012.
- Operating Transfer in and out resulted in a net decrease out to the capital projects fund of (\$100,247) to fund various state highway widening/enhancement projects and Willow Woods Walking Trail grant match.

- Proceeds from Issuance of Debt increased \$99,500 for a capital lease to purchase five police cruisers.
- Pension and other postemployment benefits – Substantially all employees of the City of Denham Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana (MERS), Municipal Police Employees Retirement System of Louisiana (MPERS), or Firefighters Retirement System of Louisiana. These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate State appointed board of trustees. The City of Denham Springs has no obligation in connection with employee benefits offered through these plans beyond its annual contractual payment to these State Pension Boards.
- Additional information on the City of Denham Springs' pension arrangements and post employment benefits can be found in Notes 11 and 12 in the notes to the financial statements.
- Of concern is the related retirement benefit enjoyed by City employees. The City continues to monitor the State administered retirement system employer rates. For this fiscal period the municipal employees rate stayed the same while Police and Fire rates increased as follows:

	<u>Prior Employer Rate</u>	<u>Current Employer Rate</u>	<u>Rate Increase</u>
Municipal Employees Retirement System of Louisiana	6.75%	8.00%	1.25%
Municipal Police Employees Retirement System of Louisiana	25.00%	26.50%	1.50%
Firefighters Retirement System of Louisiana	21.50%	23.25%	1.75%

Overall retirement cost increased \$68,688 for the fiscal year ended June 30, 2012. The net increases break down as follows:

	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>Increase (Decrease)</u>
Municipal Employees Retirement System of Louisiana	\$ 224,729	\$ 249,729	\$ 25,000
Municipal Police Employees Retirement System of Louisiana	444,184	469,678	25,494
Firefighters Retirement System Of Louisiana	<u>272,543</u>	<u>290,737</u>	<u>18,194</u>
Total	<u>\$ 941,456</u>	<u>\$1,010,144</u>	<u>\$ 68,688</u>

- Equipment purchases and building improvements in the general fund increased by \$120,473 over the prior fiscal year. Significant to this increase is police department's capital lease to purchase two 2011 Chevrolet police cruisers and three 2012 Chevrolet police cruisers financing value of \$99,500. Current fiscal year equipment purchases include (3) laptop computers, (6) desktop computers, (1) Heartstart defibrillator machine, lights and siren for fire unit# 494, (6) 2011 Police Chevrolet cruisers, tasers, (4) 2012 Harley Davidson motorcycles, air handlers for A/C unit installed in municipal building and drainage servitude acquired for Cockerham Road project. Total equipment purchases for the fiscal year were \$278,569 compared to prior fiscal year purchases of \$158,096.

The Capital Projects fund transferred-out to general fund \$20 for a reclassification item and transferred-in \$235,333 from the general fund to fund design work for the Cockerham Road enhancement project, design work and match for Tate Road overlay, design work for the Rushing Road widening project, design work for the Centerville overlay project, and design work for the River Road overlay project. Capital Projects fund as of the end of the fiscal year has an Assigned To fund balance of \$148,456, compared to prior fiscal year assigned To fund balance of \$112,633.

The 1994 Paving Certificates (Lakeland Acres Subdivision) debt service fund has a total restricted fund balance of \$3,268, compared to a prior year restricted fund balance of \$3,267. The increase is interest earned of \$1.

The Permanent Fund has a total nonspendable – permanent fund principal fund balance of \$775,852, compared to prior year nonspendable – permanent fund principal fund balance of \$752,020. This is the Cemetery Care Permanent Fund used to account for principal trust amounts received and related interest income. The interest income portion of the trust can be used to maintain the City's cemetery.

The Special revenue fund – witness fee fund has a restricted fund balance of \$98,804, compared to a prior fiscal year restricted fund balance of \$84,060. This fund is used to account for the cost of court appearance by police officers at the City Court of Denham Springs – Ward II to provide testimony.

**Proprietary funds.** The City of Denham Springs' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Charges for services increased \$448,585. Attributable to this net increase is charges for water services of \$547,342, charges for sewer services of \$154,755, charges for sanitation services of \$40,701, offset by decrease in charges for gas services of (\$294,213). Gas and water rates were adjusted effective with cycle 1 in July 2011. The decrease in gas service charges is the significant decrease in the price of natural gas purchased, which is passed on to the customer as a fuel charge. The increase in sewer service charges is indicative of the dry fall into summer the city experienced causing customers to utilize more water consumption. The increase in sanitation service charges is attributable to a new contract effective September 1, 2011 and change to assigned garbage receptacles provided by contractor, BFI Waste Services d/b/a Allied Waste Services. This assignment resulted in finding unbilled customers.

Operating expenses decreased (\$584,436). This net decrease is attributable to the reduction in the price of natural gas purchased of (\$517,728), decrease in all other direct expenses of (\$129,714), offset by an increase in general and administrative expenses of \$63,006. Of note is increase in office salaries and benefits of \$26,152, and increase in all other general and administrative expenses of \$36,854.

Unrestricted net assets of the enterprise fund at the end of the year amounted to \$413,595. Key to this increase is charges for services. Of note is the rate structure to fully fund debt service, operational cost and non-cash expenses (depreciation and bad debt). Effective July 1, 2011 gas charges were increased an additional 20 cents per hundred cubic feet sold and water customers availability charge increased \$5.00 per month. The total decrease in net assets for the enterprise fund for the prior fiscal year ended June 30, 2011 is (\$808,569). The factors concerning the enterprise fund have already been addressed in the discussion of the City of Denham Springs' business-type activities.

The newly created Denham Springs Sewerage District No. 1 (DSSD #1) unrestricted net assets at the end of the year amounted to (\$840,895), compared to unrestricted net assets for the prior fiscal year of \$51,967. Restricted for debt service is \$4,045. Invested in capital assets, net of related debt, is \$2,500,799. Sewer operations generated net income (loss) of (\$843,658) and capital contributions in the form of sewer impact fees, tap fees and inspections fees totaled \$33,877. Special item as previously discussed is the write-off of purchased mechanical sewer treatment plants no longer in service net of depreciation (\$192,363). As of June 30, 2012 the DSSD #1 was billing 1,847 customers and averaging for the fiscal year ended \$27.49 per month per customer. The Denham Springs Sewerage District No.1 owed \$934,589 to the City of Denham Springs Utility Fund as of June 30, 2012. This is cash transfers in support of DSSD #1 debt sinking payments and operational cost. Of concern, the assumptions for financing the Denham Springs Sewerage District No. 1 are based on an initial customer count of 2,701 and the average charge being \$37.55 per month to pay the debt service and estimated operational cost. Recommended is the Denham Springs Sewerage District No. 1 rate structure increased to meet debt service, and operational cost.

### **General Fund Budgetary Highlights**

Major differences between the original budget and the final amended budget of the General Fund are briefly summarized as follows:

#### **Revenues:**

Total final budgeted revenues decreased by (\$39,993) over the original budget. Key to this decrease is:

- Tax revenue decreased (\$92,105).
- License and permit revenue decreased (\$15,535).
- Fines and forfeits revenue decreased (\$69,385).
- Interest income decreased (\$775).
- Fees revenue decreased (\$6,125).
- Intergovernmental revenue increased \$79,733.
- Miscellaneous revenue increased \$64,199

#### **Other Financing Sources:**

The budget was increased for proceeds from debt issuance of \$99,500 funding the lease/purchase of five police cruisers after the budget year began.

#### **Expenditures:**

Total budgeted appropriations were increased by \$535,888.

- General Provisions expenditures increased \$75,528. This is attributable to budget revision for energy grant of \$61,705 for new air handlers installed at municipal building.
- Cemetery expenditures increased \$1,301 mainly for maintenance contract.
- Landscape expenditures increased \$124.
- Planning and Zoning expenditures decreased (\$9,450).
- Business License and Permits expenditures decreased (\$5,175).
- Ward II Court expenditures decreased (\$3,776).
- Overall General Government expenditures increased \$58,552.
- Animal Control expenditures increased \$459.
- Fire Department expenditures decreased (\$22,151).
- Police Department expenditures increased \$245,345. Significant to this increase was vehicle purchases and fuel expense.
- Overall Public Safety increased \$223,653.

- Highways and Streets -- Street Department expenditures increased \$217,833. Significant is refund to FEMA of overpayment of contract debris monies received, repairs and maintenance, and fuel expenses.
- Health expenditures increased \$6,293. Significant to this increase is Council on Aging building maintenance and mosquito control chemical purchases.
- Culture and Recreation expenditures increased \$11,938. Significant to this increase is building maintenance at the Old City Hall building.

#### **Debt Service:**

Total budgeted appropriations were increased \$17,619 due to lease/purchase of five police cruisers after the budget year began.

#### **Other Financing (Uses):**

The budget was increased for operating transfers out to Capital Projects Fund of (\$235,333) for general fund infrastructure improvements.

### **Capital Asset and Debt Administration**

**Capital assets.** The City of Denham Springs' investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$76,767,370 (net of accumulated depreciation). This investment in capital assets includes land, servitudes acquisition cost, buildings and systems, improvements, machinery and equipment, roads, highways, and drainage. The total increase in the City of Denham Springs' investment in capital assets for the current fiscal year was 8.3% (a .5% percent increase for governmental activities and a 9.4% percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following governmental activities:

- Land and right-of-ways includes a servitude agreement granted by C-Store Properties for drainage servitude for the Cockerham Road enhancement project valued at \$2,748.
- Construction in progress balance as of June 30, 2012 is \$25,866. This is the ongoing Willow Wood Walking Trail and the River Road overlay projects.
- Infrastructure cost of \$645,966 completed during the fiscal year.
  - Completed Phase II of the Antique District parking lot overlay. This was funded by a donation from the Denham Springs Housing Authority. Total cost to the city was \$74,846.
  - Completed the Tate Road overlay project. This is a city street funded by a grant from the State of Louisiana DOTD. Total cost of this completed project is \$484,735.
  - Completed Phase 1 of Willows Woods Walking Trail. This was funded by a grant. Total cost is \$86,385.
- Equipment purchases of the governmental funds totaling \$278,569 have already been detailed on page 18.

Major capital asset events during the current fiscal year included the following business-type activities:

- Land and right-of-ways as of June 30, 2012 increased \$277,046. Key to this increase is the City of Denham Springs utility fund acquisition cost of water servitude right-of-way of \$203,641 through purchase of Shadow Springs Utilities Inc. water lines and servitude right-of-ways in Shadow Springs Subdivision. The City of Denham Springs utility fund acquired through donation valued at \$38,088 the sewer servitude from First Baptist Church of Denham Springs. This donation is servitude allowing the

City's main sewer trunk line to run from Range Avenue to Pete's Highway into the Pete's Highway Lift Station. The Denham Springs Sewerage District No. 1 (DSSD #1) acquired servitudes valued at \$35,317 for installation of service lines and lift stations.

- Construction in progress balance as of June 30, 2012 is \$110,061.
  - Construction in progress of \$4,650 is gas relocation for the Cockerham Road drainage/ enhancement project.
  - Construction in progress of \$20,574 paid from sewer impact fee monies. Construction in progress as of June 30, 2012 is \$17,687 for sewer lift station pump upgrade and \$2,887 for sewer lift station renovations.
  - Construction in progress of \$84,837 financed by a \$9,100,000 Utility Revenue Bond issue – 2008 series as of June 30, 2012 is the professional design cost of a new sewer building. Additional funding for the actual construction cost is being explored.

- The following is a list of completed projects placed in service during the current fiscal year:

○ Gas Projects	
▪ Gas Line Expansion to Subdivisions along Pete's Hwy.	\$ 33,190
Total Gas Systems Additions	<u>\$ 33,190</u>
○ Water Projects Outside City Limits	
▪ Water Line Expansion to Subdivision along Pete's Hwy.	\$ 40,498
▪ Purchase of Shadow Springs Subdivision water lines	5,359
▪ Cedar St. Water Line replacement project	<u>35,884</u>
Total Water Systems Additions	<u>\$ 81,741</u>
○ Sewer Projects	
▪ Wastewater Treatment Plant – (2) FLYGT Model 4660 3/60/460v Pumps	\$ 33,359
▪ DSSD#1 collection line system	<u>21,174,917</u>
Total Sewer Systems Additions	<u>\$21,208,276</u>

- The following is a list of equipment totaling \$87,564 placed in service during the current fiscal year:

○ Utility Administration department purchased (2) Dell Optiplex minitower computers	\$ 2,659
○ Utility Administration department purchased a Dell Poweredge Utilities Server	3,945
○ Gas department purchased a Kawasaki 54", 23.5HP mower	7,336
○ Water department purchased a Ditch Witch line locator Model 830R	3,050
○ Sewer department purchased Dell Optiplex 790 computer	1,289
○ Sewer department purchased a Hustler 60", 27HP mower	7,847
○ DSSD #1 purchased a 4" Godwin Dri Prime pump	28,537
○ DSSD #1 purchased a 6" Godwin Dri Prime pump	29,750
○ DSSD #1 purchased a Godwin SEA trailer w/ DOTD package	<u>3,151</u>
Total Equipment Additions	<u>\$ 87,564</u>

- Each of the below listed departments had \$234,050 in fully depreciated business-type equipment asset disposals as of June 30, 2012:
  - Water department disposed of assets classified as equipment totaling \$ 20,765
  - Sewer department disposed of assets classified as equipment totaling 16,226
  - The Denham Springs Sewerage District No. 1 had a write-off of as special item of the remaining value of obsolete wastewater treatment plants replaced by the new system. 197,059

Total Business-Type Activities  
Capital Assets Disposed \$ 234,050

Capital Assets  
(Net of Accumulated Depreciation)  
June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and Right-of-Ways	\$ 1,224,774	\$ 1,222,026	\$ 4,285,342	\$ 4,008,296	\$ 5,510,116	\$ 5,230,322
Buildings and Improvements	2,452,520	2,518,853	346,100	358,265	2,798,620	2,877,118
Gas System	-	-	1,853,775	1,936,247	1,853,775	1,936,247
Water System	-	-	10,732,209	11,133,126	10,732,209	11,133,126
Sewer System	-	-	50,077,893	30,386,558	50,077,893	30,386,558
Machinery and Equipment	2,001,926	2,301,856	592,389	739,008	2,594,315	3,040,864
Infrastructure	3,064,514	2,627,013	-	-	3,064,514	2,627,013
Construction in Progress	25,867	52,771	110,061	13,602,466	135,928	13,655,237
Total	<u>\$ 8,769,601</u>	<u>\$ 8,722,519</u>	<u>\$ 67,997,769</u>	<u>\$ 62,163,966</u>	<u>\$ 76,767,370</u>	<u>\$ 70,886,485</u>

Additional information on the City of Denham Springs' capital assets can be found in note 8 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Denham Springs had total debt outstanding of \$54,014,147. Of this amount, \$298,086 comprises debt backed by the full faith and credit of the City. The remainder of the debt \$53,716,061 is secured by utility service charges and lawfully available funds. There are no general obligation bonds outstanding by the City of Denham Springs at June 30, 2012.



	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Obligations Under						
Capital Leases \$	298,086	\$ 418,800	\$ -	\$ -	\$ 298,086	\$ 418,800
Revenue Bonds	-	-	53,716,061	54,378,780	53,716,061	54,378,780
Total	\$ 298,086	\$ 418,800	\$ 53,716,061	\$ 54,378,780	\$ 54,014,147	\$ 54,797,580

During the current fiscal year, the City of Denham Springs' total debt decreased by (\$783,433). On August 26, 2008 proceeds from a capital lease of \$979,291 financed the purchase of a fire aerial truck and a fire pumper truck. The fourth principal payment of (\$204,365) was timely remitted April 1, 2012. On September 28, 2011 proceeds from a capital lease of \$99,500 financed the purchase of (5) Chevrolet Impala police cruisers. The first principal payment of (\$15,849) was remitted. Principal payments of (\$660,000) were made in the current fiscal year on the 2006 and 2008 Utility Fund Revenue Bonds plus bond premium amortization of (\$4,931) net of bond issuance discount of \$2,211. On November 1, 2009 the City of Denham Springs on behalf of the Denham Springs Sewerage District No. 1 issued a 2009 utility revenue bond for \$23,750,000. The proceeds from this issuance are for the construction of a sewer collection system within the Denham Springs Sewerage District No. 1. New sewer customer hookups within this newly created sewer district will pay for this infrastructure. Only 2009 bond interest payments were remitted for the fiscal year ended June 30, 2012.

Additional information on the City's long-term debt can be found in Note 9 of this report.

#### **Economic Factors and Next Year's Budgets and Rates**

- The revised June 2012 unemployment rate for the City of Denham Springs was 8.2 percent, which is an increase from a revised rate of 7.9 percent a year ago. This compares favorably to the state's revised average unemployment rate of 8.6 percent and compares favorably to the revised national average rate of 8.4 percent.
- The occupancy rate of the City's central business district has remained from 97-100 percent for the past several years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Denham Springs' budget for the 2012 fiscal year.

Current fiscal year end June 30, 2012 unassigned fund balance in the general fund is \$2,107,487. The City adopted a 2013 fiscal year general fund budget setting anticipated revenue of \$10,502,536 and anticipated appropriation expenditures of \$10,477,740 anticipating a net surplus of \$24,796.

Budgeted general fund revenues anticipate a net increase of \$115,282 compared to the FYE 2012 amended adopted budget.

- Tax revenue is anticipated to increase \$273,341 due to opening of the Sam's Club increasing sales tax revenue.
- Licenses and Permits revenue do not anticipate a change.
- Fines and Forfeits revenue anticipate an increase \$21,170 due to increased number of fines issued.
- Interest income does not anticipate a change.
- Fees revenue does not anticipate a change.

- Intergovernmental revenue anticipates a decrease of (\$60,347) due to energy grant for air handlers at the municipal building received in the current fiscal year ended June 30, 2012.
- Miscellaneous revenue anticipates a decrease of (\$19,382) due to conservative budget for insurance dividends – Louisiana Workers Compensation Corporation (LWCC).
- Other Financing Sources anticipates a decrease of (\$99,500) due to the one-time lease/purchase of police cruisers in the fiscal year ended June 30, 2012.

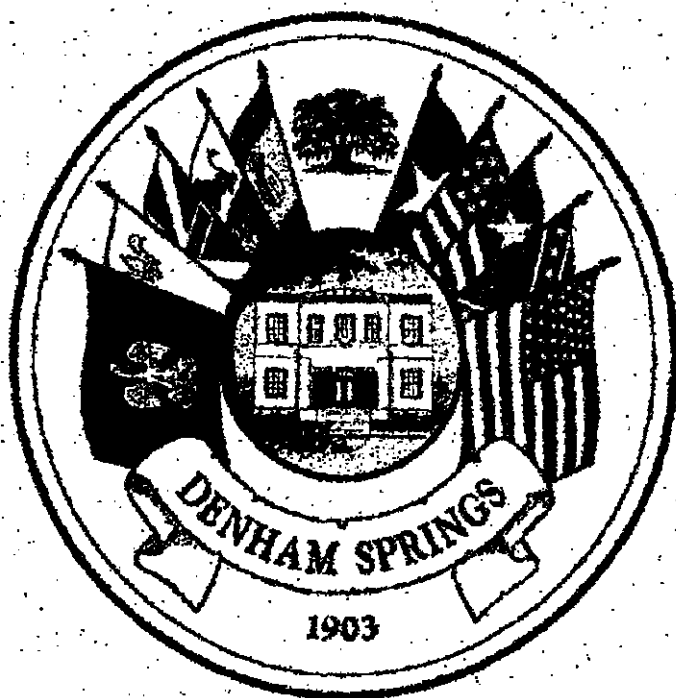
Budgeted general fund expenditures anticipate a net decrease of (\$585,583) compared to the FYE 2012 amended adopted budget.

- Overall General Government expenditures anticipate a net decrease of (\$23,208).
  - General Provisions expenditures anticipate a decrease of (\$28,259).
  - Cemetery expenditures anticipate an increase of \$1,403.
  - Landscape expenditures do not anticipate a change.
  - Planning and Zoning expenditures anticipate an increase of \$1,669.
  - Business License and Permits expenditures anticipate an increase of \$1,788.
  - Ward II Court expenditures anticipate an increase of \$191.
- Overall Public Safety expenditures anticipate a net decrease of (\$143,190).
  - Animal Control expenditures anticipate an increase of \$2,058.
  - Fire Department expenditures anticipate an increase of \$8,661.
  - Police Department expenditures anticipate a decrease of (\$153,909).
- Highways and Streets – Street Department expenditures anticipate a net decrease of (\$168,511). This is mainly due to the refund to FEMA for an overpayment in the current fiscal year.
- Health Expenditures anticipate a net decrease of (\$11,270). This is mainly from Council on Aging building maintenance and utility payment along with completely phasing out Denham Springs Housing Authority garbage subsidized by the city and mosquito control chemicals purchased.
- Culture and Recreation expenditures anticipate a net decrease of (\$4,071).
- Debt Services expenditures anticipate no change.
- Other Financing (Uses) anticipate a decrease of (\$235,333) transfer out to capital projects fund supporting various general fund road infrastructure projects and culture and recreation projects.

Capital project fund – anticipated is a net decrease in capital project funding from state highway appropriations of (\$152,072), compared to 2012 amended adopted budget. The adopted budget FYE June 30, 2013 anticipates \$320,005 for the River Road overlay project. This is a city street funded by a grant and city match. As of the fiscal year ended June 30, 2012 assigned to capital projects fund balance is \$148,456.

Special revenue fund – witness fees for the 2013 fiscal year anticipate an increase of \$2 compared to FYE 2012 amended adopted budget, and appropriations budget is anticipated to remain the same as the FYE 2012 amended adopted budget. This fund is self-supported through payment of ticket fines collected by the Ward II Court. As of the fiscal year ended June 30, 2012 restricted for witness fees fund balance is \$98,804.

This financial report is designed to provide a general overview of the City of Denham Springs' finances for all those with an interest in the government's finances. Questions concerning any of this information provided in this report or requests for additional information should be addressed to the City Treasurer, c/o City of Denham Springs, P.O. Box 1629, Denham Springs, Louisiana 70727-1629.



## **BASIC FINANCIAL STATEMENTS**

## CITY OF DENHAM SPRINGS

## STATEMENT OF NET ASSETS

JUNE 30, 2012

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	City Court of Denham Springs - Ward II	Marshal of City Court of Denham Springs - Ward II	Denham Springs Economic Development District
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,628,824	\$ 14,847	\$ 1,643,671	\$ 200,837	\$ 29,098	\$ 325
Investments	-	-	-	245,510	-	-
Receivables, Net	208,186	1,081,510	1,289,696	1,980	-	3,693
Due from Other Governments	1,109,134	8,552	1,117,686	-	-	825,746
Due from Component Unit	25,255	-	25,255	-	-	-
Internal Balances	981,445	(981,445)	-	-	-	-
Inventories	18,088	332,896	350,984	-	-	-
Prepaid Items	172,462	5,884	178,346	-	-	-
Restricted Assets:						
Cash	-	1,854,546	1,854,546	-	-	3,416,736
Receivable	-	9	9	-	-	641
Deferred Bond Issuance Costs	-	2,508,901	2,508,901	-	-	450,989
Capital Assets:						
Land and Construction in Progress	1,250,641	4,395,403	5,646,044	-	-	7,303,750
Other Capital Assets, Net of Depreciation	7,518,960	63,602,366	71,121,326	29,227	107,361	30,195,158
Total Assets	<u>\$ 12,912,995</u>	<u>\$ 72,823,469</u>	<u>\$ 85,736,464</u>	<u>\$ 477,554</u>	<u>\$ 136,459</u>	<u>\$ 42,197,038</u>
<b>LIABILITIES</b>						
Accounts Payable and Accrued Expenses	\$ 507,179	\$ 2,435,974	\$ 2,943,153	\$ 806	\$ 29,933	\$ 307,133
Due to Primary Government	-	-	-	-	25,255	-
Non-Current Liabilities:						
Due Within One Year	472,825	738,520	1,211,345	9,149	15,140	1,075,000
Due in More Than One Year	728,454	53,180,738	53,909,192	-	10,433	43,746,279
Total Liabilities	1,708,458	56,355,232	58,063,690	9,955	80,761	45,128,412
<b>NET ASSETS</b>						
Investment in Capital Assets, Net of Related Debt	8,471,515	16,891,492	25,363,007	29,227	81,788	(1,275,687)
Restricted for:						
Cemetery Care:						
Nonexpendable	775,852	-	775,852	-	-	-
Civil Fees	-	-	-	93,410	-	-
Debt Service	-	4,045	4,045	-	-	-
Witness Fees	98,804	-	98,804	-	-	-
Other	3,268	-	3,268	-	-	-
Unrestricted (Deficit)	1,855,098	(427,300)	1,427,798	344,962	(26,090)	(1,655,687)
Total Net Assets	<u>11,204,537</u>	<u>16,468,237</u>	<u>27,672,774</u>	<u>467,599</u>	<u>55,698</u>	<u>(2,931,374)</u>
Total Liabilities and Net Assets	<u>\$ 12,912,995</u>	<u>\$ 72,823,469</u>	<u>\$ 85,736,464</u>	<u>\$ 477,554</u>	<u>\$ 136,459</u>	<u>\$ 42,197,038</u>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS**  
**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 2,076,944	\$ -	\$ -	\$ 61,704
Public Safety	6,930,110	663,914	513,005	-
Highways and Streets	1,927,226	12,850	-	335,279
Health	52,623	-	-	-
Culture and Recreation	134,582	-	5,000	166,381
Interest on Long-Term Debt	18,977	-	-	-
<b>Total Governmental Activities</b>	<b>11,140,462</b>	<b>676,764</b>	<b>518,005</b>	<b>563,364</b>
<b>Business-Type Activities:</b>				
Gas	2,568,005	3,560,357	-	-
Water	2,417,291	2,879,773	30,750	-
Sewer	5,233,099	3,000,401	-	281,339
Sanitation	884,991	791,828	-	-
<b>Total Business-Type Activities</b>	<b>11,103,386</b>	<b>10,232,359</b>	<b>30,750</b>	<b>281,339</b>
<b>Total Primary Government</b>	<b>\$ 22,243,848</b>	<b>\$ 10,909,123</b>	<b>\$ 548,755</b>	<b>\$ 844,703</b>
<b>Component Units:</b>				
City Court of Denham Springs - Ward II	\$ 576,827	\$ 450,137	\$ 28,013	\$ -
Marshal of City Court of Denham Springs - Ward II	726,925	329,960	127,878	-
Denham Springs Economic Development District	2,666,763	32,598	-	-
<b>Total Component Units</b>	<b>\$ 3,970,515</b>	<b>\$ 812,695</b>	<b>\$ 155,891</b>	<b>\$ -</b>
<b>General Revenues:</b>				
<b>Taxes:</b>				
Property				
Sales				
Occupational and Permits				
Franchise				
Miscellaneous				
Interest Income				
Net Gain (Loss) on Sale of Assets				
Payments from the City of Denham Springs				
<b>Special Item</b>				
Total General Revenues and Special Item				
Change in Net Assets				
Net Assets (Deficit) - Beginning of Year				
Net Assets (Deficit) - End of Year				

The accompanying notes constitute an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	City Court of Denham Springs - Ward II	Marshal of City Court of Denham Springs - Ward II	Denham Springs Economic Development District
\$ (2,015,240)	\$ -	\$ (2,015,240)	\$ -	\$ -	\$ -
(5,753,191)	-	(5,753,191)	-	-	-
(1,579,097)	-	(1,579,097)	-	-	-
(52,623)	-	(52,623)	-	-	-
36,799	-	36,799	-	-	-
(18,977)	-	(18,977)	-	-	-
(9,382,329)	-	(9,382,329)	-	-	-
-	992,352	992,352	-	-	-
-	493,232	493,232	-	-	-
-	(1,951,359)	(1,951,359)	-	-	-
-	(93,163)	(93,163)	-	-	-
-	(558,938)	(558,938)	-	-	-
(9,382,329)	(558,938)	(9,941,267)	-	-	-
-	-	-	(98,677)	-	-
-	-	-	-	(269,087)	-
-	-	-	-	-	(2,634,165)
-	-	-	(98,677)	(269,087)	(2,634,165)
210,351	-	210,351	-	-	-
6,627,015	-	6,627,015	-	-	3,147,512
996,867	-	996,867	-	-	-
736,292	-	736,292	-	-	-
538,527	20,539	559,066	10,601	7,338	-
5,804	11,332	17,136	4,737	111	3,299
-	-	-	-	138	-
-	-	-	46,860	216,517	-
-	(192,363)	(192,363)	-	-	-
9,114,856	(160,492)	8,954,364	62,198	224,104	3,150,811
(267,473)	(719,430)	(986,903)	(36,479)	(44,983)	516,646
11,472,010	17,187,667	28,659,677	504,078	100,681	(3,448,020)
\$ 11,204,537	\$ 16,468,237	\$ 27,672,774	\$ 467,599	\$ 55,698	\$ (2,931,374)

## CITY OF DENHAM SPRINGS

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 703,548	\$ 925,276	\$ 1,628,824
Receivables:			
Ad Valorem Taxes, Net	2,602	-	2,602
Other	197,901	7,683	205,584
Due from Other Funds	604,643	44,845	649,488
Due from Other Governments	1,047,531	61,603	1,109,134
Due from Component Units	25,255	-	25,255
Prepaid Insurance	172,462	-	172,462
Total Assets	<u>\$ 2,753,942</u>	<u>\$ 1,039,407</u>	<u>\$ 3,793,349</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 146,231	\$ 13,027	\$ 159,258
Payroll Taxes Payable	7,193	-	7,193
Retirement and Group Insurance Payable	121,696	-	121,696
Accrued Salaries and Wages	191,735	-	191,735
Other Liabilities	7,138	-	7,138
Total Liabilities	473,993	13,027	487,020
<b>FUND BALANCES</b>			
Fund Balances:			
Nonspendable:			
Prepaid Insurance	172,462	-	172,462
Permanent Fund Principal	-	775,852	775,852
Restricted For:			
Witness Fees	-	98,804	98,804
Other Purposes	-	3,268	3,268
Assigned To:			
Capital Projects	-	148,456	148,456
Unassigned	2,107,487	-	2,107,487
Total Fund Balances	<u>2,279,949</u>	<u>1,026,380</u>	<u>3,306,329</u>
Total Liabilities and Fund Balances	<u>\$ 2,753,942</u>	<u>\$ 1,039,407</u>	<u>\$ 3,793,349</u>

The accompanying notes constitute an integral part of this statement.



## CITY OF DENHAM SPRINGS

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2012

Fund Balances-Total Governmental Funds		\$ 3,306,329
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds		
Governmental Capital Assets	18,346,165	
Less Accumulated Depreciation	<u>(9,609,196)</u>	8,736,969
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds:		
Compensated Absences Payable		(887,793)
Capital Lease Payable		(298,086)
Accrued Interest Payable on Capital Leases		(3,327)
The Motor Pool Internal Service Fund is Used by Management to Charge the Cost of Vehicle Repairs to Individual Funds. The Assets and Liabilities of the Internal Service Fund are Included in Governmental Activities in the Statement of Net Assets		
Motor Pool Internal Service Fund Net Assets		<u>350,445</u>
Net Assets of Governmental Activities		<u>\$ 11,204,537</u>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2012

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 7,913,056	\$ -	\$ 7,913,056
Licenses and Permits	996,867	-	996,867
Fines and Forfeits	606,737	-	606,737
Interest	2,772	2,943	5,715
Fees	24,563	26,181	50,744
Intergovernmental	602,756	405,827	1,008,583
Miscellaneous	175,633	115,565	291,198
<b>Total Revenues</b>	<b>10,322,384</b>	<b>550,516</b>	<b>10,872,900</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	2,027,010	12,938	2,039,948
Public Safety	6,626,668	-	6,626,668
Highways and Streets	1,614,129	-	1,614,129
Health	52,623	-	52,623
Culture and Recreation	86,196	-	86,196
<b>Capital Outlay:</b>			
Highways and Streets	-	523,278	523,278
Culture and Recreation	-	175,213	175,213
<b>Debt Service:</b>			
Principal Retirement	220,214	-	220,214
Interest	22,405	-	22,405
<b>Total Expenditures</b>	<b>10,649,245</b>	<b>711,429</b>	<b>11,360,674</b>
<b>Excess (Deficiency) of     Revenues over Expenditures</b>	<b>(326,861)</b>	<b>(160,913)</b>	<b>(487,774)</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In	20	235,333	235,353
Transfers Out	(235,333)	(20)	(235,353)
Proceeds from Issuance of Debt	99,500	-	99,500
<b>Total Other Financing Sources (Uses)</b>	<b>(135,813)</b>	<b>235,313</b>	<b>99,500</b>
<b>Net Change in Fund Balances</b>	<b>(462,674)</b>	<b>74,400</b>	<b>(388,274)</b>
<b>Fund Balances at Beginning of Year</b>	<b>2,742,623</b>	<b>951,980</b>	<b>3,694,603</b>
<b>Fund Balances at End of Year</b>	<b>\$ 2,279,949</b>	<b>\$ 1,026,380</b>	<b>\$ 3,306,329</b>

The accompanying notes constitute an integral part of this statement.

## CITY OF DENHAM SPRINGS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (388,274)

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because:

Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities, the Cost of Those Assets is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense.

Capital Outlay	900,379	
Depreciation Expense	<u>(844,319)</u>	56,060

Loss on Disposition of Capital Assets -

The Issuance of Long-Term Debt (e.g., bonds, leases) Provides Current Financial Resources to Governmental Funds, While the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of the Governmental Funds. Neither Transaction, However, has any Effect on Net Assets.

Proceeds from the Issuance of Capital Lease	(99,500)
Repayment of Principal on Long-Term Debt	220,214
Accrued Interest Payable on Capital Lease	3,427

Some Expenses Reported in the Statement of Activities do not Require the use of Current Financial Resources and are not Reported as Expenditures in Governmental Funds.

Increase in Compensated Absences Payable	(76,262)
------------------------------------------	----------

Internal Service Funds are Used by Management to Charge the Costs of Certain Activities to Individual Funds. The Net Revenue (Expense) of the Internal Service Fund is Reported with Governmental Activities.

	<u>16,862</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (267,473)</u></u>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
<b>Taxes:</b>				
Ad Valorem Taxes	\$ 205,000	\$ 205,000	\$ 210,351	\$ 5,351
Alcoholic Beverage Tax	27,000	27,000	29,363	2,363
Cable TV Franchise Tax	130,000	137,250	137,871	621
Chain Store Tax	23,515	22,525	23,115	590
Charitable Gaming Tax	311,000	300,000	286,920	(13,080)
Electrical Franchise Taxes	705,000	605,000	596,876	(8,124)
Sales Taxes	6,603,924	6,616,659	6,627,015	10,356
Wrecker Franchise Tax	1,645	1,545	1,545	-
	8,007,084	7,914,979	7,913,056	(1,923)
<b>Licenses and Permits:</b>				
Occupational Licenses	893,000	875,000	883,425	8,425
Other Permits and Licenses	102,240	104,705	113,442	8,737
	995,240	979,705	996,867	17,162
<b>Fines and Forfeits:</b>				
Ward II Court	664,153	596,768	606,737	9,969
Forfeiture Funds	2,000	-	-	-
	666,153	596,768	606,737	9,969
<b>Interest Income</b>	3,600	2,825	2,772	(53)
<b>Fees:</b>				
Animal Adoption Fees	16,000	11,175	11,713	538
Road Maintenance Fees	14,150	12,850	12,850	-
	30,150	24,025	24,563	538

(CONTINUED)

**CITY OF DENHAM SPRINGS  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Intergovernmental:</b>				
<b>Federal Government:</b>				
Law Enforcement Grants	16,000	17,364	75,143	57,779
Energy Efficiency and Conservation Block Grant	-	65,642	61,704	(3,938)
<b>State Government:</b>				
Fire Insurance Commissions	35,000	35,000	43,267	8,267
Law Enforcement Grants	79,000	110,555	62,759	(47,796)
On Behalf Payments for Salaries	378,000	359,172	359,883	711
	508,000	587,733	602,756	15,023
<b>Miscellaneous:</b>				
Insurance Premium Rebate	30,000	49,382	49,382	-
Royalties	36,000	36,000	28,219	(7,781)
Wreck Reports	13,500	19,000	19,283	283
Rent Income	320	16,000	18,620	2,620
Miscellaneous	37,700	61,337	60,129	(1,208)
	117,520	181,719	175,633	(6,086)
<b>Total Revenues</b>	<u>10,327,747</u>	<u>10,287,754</u>	<u>10,322,384</u>	<u>34,630</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>General Government:</b>				
General Provisions:				
Salaries	521,551	521,684	519,673	2,011
Council Per Diems	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	138,228	131,847	121,345	10,502
Building Improvements	-	61,705	61,705	-
Chamber of Commerce	5,000	5,000	5,000	-
Equipment Purchased	-	5,217	2,504	2,713
Insurance	30,040	11,078	13,061	(1,983)
Legal and Professional	46,556	53,877	48,877	5,000
Membership Fees and Educational Training	22,000	28,000	26,992	1,008
Miscellaneous	49,399	47,134	49,818	(2,684)
Printing, Postage and Office Supplies	54,000	54,000	53,007	993
Rental Equipment	7,000	5,076	5,397	(321)
Repairs and Maintenance	53,700	52,100	50,163	1,937
Small Tools and Supplies	3,500	3,000	2,860	140
Telephone	40,000	55,000	59,246	(4,246)
Travel	27,000	47,000	56,338	(9,338)
Utilities	31,200	22,984	22,514	470
Total General Provisions	<u>1,089,174</u>	<u>1,164,702</u>	<u>1,158,500</u>	<u>6,202</u>
Cemetery:				
Contracted Services	47,000	48,001	48,001	-
Insurance	3,450	3,375	466	2,909
Miscellaneous	350	400	353	47
Repairs and Maintenance	-	325	85	240
Total Cemetery	<u>50,800</u>	<u>52,101</u>	<u>48,905</u>	<u>3,196</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

General Government (Continued):	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Tax:				
Salaries	55,020	55,020	53,087	1,933
Payroll Taxes, Retirement, and Group Insurance	14,191	15,506	14,452	1,054
Collection Fees	117,559	115,150	113,549	1,601
Equipment Purchased	-	2,800	2,436	364
Equipment Expense	2,500	500	275	225
Insurance	1,232	953	904	49
Legal and Professional	2,174	500	808	(308)
Miscellaneous	3,050	900	571	329
Printing, Postage and Office Supplies	4,550	3,950	2,613	1,337
Small Tools and Supplies	1,000	1,000	837	163
Tax Roll	5,125	4,947	4,947	-
Total Tax	206,401	201,226	194,479	6,747
Ward Court:				
Salaries	51,550	51,550	51,550	-
Payroll Taxes, Retirement, and Group Insurance	23,900	22,854	23,612	(758)
Additional Court Costs	37,390	37,485	30,478	7,007
Building Maintenance	18,710	16,960	10,106	6,854
Insurance	1,880	1,602	1,556	46
Legal and Professional	8,465	8,039	8,038	1
Payments to Component Units	233,071	233,071	230,052	3,019
Utilities	1,741	1,370	1,340	30
Total Ward Court	376,707	372,931	356,732	16,199

(CONTINUED)

**CITY OF DENHAM SPRINGS  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
General Government (Continued):				
Planning and Zoning:				
Salaries	137,214	140,168	140,228	(60)
Payroll Taxes, Retirement, and Group Insurance	42,025	44,011	43,892	119
Demolition Expense	10,000	10,000	4,178	5,822
Inspections	10,000	2,500	2,004	496
Insurance	7,700	5,435	7,502	(2,067)
Legal and Professional	14,500	14,500	8,288	6,212
Miscellaneous	12,725	8,550	7,557	993
Printing, Postage and Office Supplies	7,915	5,915	2,723	3,192
Repairs and Maintenance	250	-	-	-
Small Tools and Supplies	2,500	4,300	2,790	1,510
Vehicle Expense	3,000	3,000	2,277	723
Total Planning and Zoning	247,829	238,379	221,439	16,940
Landscaping:				
Contracted Services	48,500	48,500	46,620	1,880
Insurance	1,900	1,999	193	1,806
Miscellaneous	100	125	142	(17)
Total Landscaping	50,500	50,624	46,955	3,669
Total General Government	2,021,411	2,079,963	2,027,010	52,953

(CONTINUED)



**CITY OF DENHAM SPRINGS  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Public Safety:</b>				
<b>Animal Control:</b>				
Salaries	233,390	211,581	211,488	93
Payroll Taxes, Retirement, and Group Insurance	27,691	22,336	22,303	33
Animal Care Expense	49,500	68,000	72,297	(4,297)
Equipment Purchased	-	-	673	(673)
Equipment Expense	4,400	5,900	5,707	193
Insurance	9,080	8,308	6,547	1,761
Miscellaneous	15,461	21,726	18,803	2,923
Small Tools and Supplies	500	2,500	2,338	162
Telephone	2,500	3,325	2,922	403
Utilities	12,000	11,305	10,573	732
<b>Total Animal Control</b>	<b>354,522</b>	<b>354,981</b>	<b>353,651</b>	<b>1,330</b>
<b>Fire:</b>				
Salaries	1,396,490	1,404,801	1,397,256	7,545
Payroll Taxes, Retirement, and Group Insurance	609,721	601,303	550,432	50,871
Legal and Professional	15,500	14,928	14,602	326
Equipment Purchased	-	2,172	7,388	(5,216)
Equipment Expense	54,000	74,000	81,283	(7,283)
Insurance	140,000	138,329	134,173	4,156
Membership Fees and Educational Training	32,000	16,817	17,189	(372)
Miscellaneous	17,500	10,265	7,773	2,492
Printing, Postage and Office Supplies	3,989	2,900	1,549	1,351
Repairs and Maintenance	18,600	22,234	23,064	(830)
Small Tools and Supplies	35,500	20,500	17,246	3,254
Telephone	25,000	26,500	29,278	(2,778)
Uniforms	19,600	11,000	10,324	676
Utilities	31,000	31,000	28,416	2,584
<b>Total Fire</b>	<b>2,398,900</b>	<b>2,376,749</b>	<b>2,319,973</b>	<b>56,776</b>

(CONTINUED)

**CITY OF DENHAM SPRINGS  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Public Safety (Continued):</b>				
Police:				
Salaries	2,129,513	2,171,788	2,167,298	4,490
Payroll Taxes, Retirement, and Group Insurance	908,241	861,312	860,518	794
Equipment Purchased	45,000	199,139	203,863	(4,724)
Equipment Expense	183,500	241,940	243,804	(1,864)
Equipment Rental	9,330	8,330	8,064	266
Insurance	178,000	185,858	176,496	9,362
Jail Expense	1,000	1,000	-	1,000
Membership Fees and Educational Training	13,000	13,000	10,297	2,703
Miscellaneous	26,200	46,416	36,334	10,082
Printing, Postage and Office Supplies	35,500	32,600	29,919	2,681
Professional Fees	16,000	19,382	19,027	355
Repairs and Maintenance	33,500	35,225	34,721	504
Small Tools and Supplies	13,000	10,000	9,479	521
Telephone	79,321	88,260	88,986	(726)
Uniforms	20,000	30,500	27,128	3,372
Utilities	49,300	41,000	37,110	3,890
Total Police	3,740,405	3,985,750	3,953,044	32,706
Total Public Safety	6,493,827	6,717,480	6,626,668	90,812
<b>Highway and Streets:</b>				
Streets:				
Salaries	731,403	771,736	770,587	1,149
Payroll Taxes, Retirement, and Group Insurance	238,320	239,743	237,616	2,127
Contract Services	-	165,564	165,564	-
Equipment Expense	102,200	155,535	156,229	(694)

(CONTINUED)

**CITY OF DENHAM SPRINGS  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Highway and Streets (Continued):</b>				
Streets:				
Equipment Rental	7,000	7,000	5,645	1,355
Insurance	68,000	64,955	61,221	3,734
Uniforms	15,500	15,500	17,386	(1,886)
Land/Right-of-Ways Acquired	-	-	2,748	(2,748)
Legal and Professional	1,000	2,485	3,208	(723)
Streets Maintenance and Materials	108,158	67,345	43,284	24,061
Membership Fees and Educational Training	300	306	306	-
Miscellaneous	17,718	17,883	15,426	2,457
Small Tools and Supplies	5,500	4,500	2,514	1,986
Telephone	10,000	11,100	12,686	(1,586)
Utilities	8,200	5,480	5,133	347
Total Streets	1,313,299	1,529,132	1,499,553	29,579
Lighting:				
Utilities	118,000	120,000	114,576	5,424
Total Lighting	118,000	120,000	114,576	5,424
Total Highways and Streets	1,431,299	1,649,132	1,614,129	35,003
<b>Health:</b>				
Council on Aging	29,536	32,615	31,416	1,199
Denham Springs Housing Authority	3,105	3,078	3,078	-
Food Bank Contribution	-	-	1,000	(1,000)
Pest Control	-	3,795	3,904	(109)
Youth and Family Counseling	16,500	15,946	13,225	2,721
Total Health	49,141	55,434	52,623	2,811

(CONTINUED)

**CITY OF DENHAM SPRINGS  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Culture and Recreation:</b>				
Salaries	22,870	24,785	25,374	(589)
Payroll Taxes, Retirement, and Group Insurance	11,143	11,295	11,285	10
Insurance	2,400	2,223	2,113	110
Legal and Professional	3,642	2,850	2,780	70
Membership Fees and Educational Training	1,280	455	455	-
Repairs and Maintenance	12,039	18,915	22,348	(3,433)
Printing, Postage and Office Supplies	7,750	12,204	12,145	59
Telephone	4,200	4,580	4,367	213
Travel	500	500	387	113
Utilities	5,600	5,555	4,942	613
<b>Total Culture and Recreation</b>	<u>71,424</u>	<u>83,362</u>	<u>86,196</u>	<u>(2,834)</u>
<b>Debt Service:</b>				
Principal Retirement	225,000	242,619	220,214	22,405
Interest	-	-	22,405	(22,405)
<b>Total Debt Service</b>	<u>225,000</u>	<u>242,619</u>	<u>242,619</u>	<u>-</u>
<b>Total Expenditures</b>	<u>10,292,102</u>	<u>10,827,990</u>	<u>10,649,245</u>	<u>178,745</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	35,645	(540,236)	(326,861)	213,375
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	-	-	20	20
Operating Transfers Out	-	(235,333)	(235,333)	-
Proceeds from Issuance of Debt	-	99,500	99,500	-
<b>Total Other Financing Sources (Uses)</b>	-	(135,833)	(135,813)	20
<b>Net Change in Fund Balance</b>	35,645	(676,069)	(462,674)	213,395
<b>Fund Balance at Beginning of Year</b>	2,742,623	2,742,623	2,742,623	-
<b>Fund Balance at End of Year</b>	<u>\$ 2,778,268</u>	<u>\$ 2,066,554</u>	<u>\$ 2,279,949</u>	<u>\$ 213,395</u>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS**

**STATEMENT OF NET ASSETS**

JUNE 30, 2012

	Business-Type Activities -			Governmental Activities -
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Motor Pool Internal Service Fund
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 500	\$ 14,347	\$ 14,847	\$ -
<b>Restricted Assets:</b>				
Cash for Customer Deposits	920,687	-	920,687	-
Revenue Bond Covenant Accounts	526,946	97,051	623,997	-
Revenue Bond Construction Account	-	309,862	309,862	-
Accrued Interest Receivable	1	8	9	-
	1,447,634	406,921	1,854,555	-
<b>Receivables:</b>				
Accounts (Net of Allowance for Uncollectible Accounts of \$239,000)	464,486	-	464,486	-
Due from Other Governments	7,932	620	8,552	-
Accounts Receivable - Other	-	150	150	-
Unbilled Utility Sales	616,874	-	616,874	-
	1,089,292	770	1,090,062	-
<b>Inventory, at Cost</b>	332,896	-	332,896	18,088
<b>Due from Other Funds</b>	934,589	95,885	1,030,474	331,957
<b>Prepaid Expenses</b>	5,884	-	5,884	-
<b>Total Current Assets</b>	<b>3,810,795</b>	<b>517,923</b>	<b>4,328,718</b>	<b>350,045</b>
<b>Noncurrent Assets:</b>				
Deferred Bond Issuance Costs	1,377,155	1,131,746	2,508,901	-
<b>Capital Assets:</b>				
Land and Construction in Progress	638,868	3,756,535	4,395,403	-
Other Capital Assets, at Cost (Net of Accumulated Depreciation)	41,814,040	21,788,326	63,602,366	32,632
<b>Total Noncurrent Assets</b>	<b>43,830,063</b>	<b>26,676,607</b>	<b>70,506,670</b>	<b>32,632</b>
<b>Total Assets</b>	<b>\$ 47,640,858</b>	<b>\$ 27,194,530</b>	<b>\$ 74,835,388</b>	<b>\$ 382,677</b>

The accompanying notes constitute an integral part of this statement.

	Business-Type Activities -			Governmental Activities -
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Motor Pool Internal Service Fund
<b>Current Liabilities</b>				
<b>(Payable from Current Assets):</b>				
Accounts Payable	\$ 311,723	\$ 914,016	\$ 1,225,739	\$ 13,396
Accrued Salaries and Wages	82,791	-	82,791	-
Accumulated Unpaid Vacation	50,799	-	50,799	3,850
Customers' Deposits	917,605	-	917,605	-
Bonds Payable - Current Portion	687,721	-	687,721	-
Other Current Liabilities	6,762	-	6,762	3,436
Due To Other Funds	1,077,330	934,589	2,011,919	-
Accrued Bond Interest	110,071	93,006	203,077	-
<b>Total Current Liabilities</b>	<b>3,244,802</b>	<b>1,941,611</b>	<b>5,186,413</b>	<b>20,682</b>
<b>Noncurrent Liabilities:</b>				
Accumulated Unpaid Vacation	152,398	-	152,398	11,550
Bonds Payable				
(Net of Unamortized Bond Premium or Discount)	29,439,370	23,588,970	53,028,340	-
<b>Total Noncurrent Liabilities</b>	<b>29,591,768</b>	<b>23,588,970</b>	<b>53,180,738</b>	<b>11,550</b>
<b>Total Liabilities</b>	<b>32,836,570</b>	<b>25,530,581</b>	<b>58,367,151</b>	<b>32,232</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	14,390,693	2,500,799	16,891,492	32,632
Restricted for Debt Service	-	4,045	4,045	-
Unrestricted (Deficit)	413,595	(840,895)	(427,300)	317,813
<b>Total Net Assets</b>	<b>14,804,288</b>	<b>1,663,949</b>	<b>16,468,237</b>	<b>350,445</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 47,640,858</b>	<b>\$ 27,194,530</b>	<b>\$ 74,835,388</b>	<b>\$ 382,677</b>

**CITY OF DENHAM SPRINGS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Business-Type Activities -			Governmental Activities -
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	Motor Pool Internal Service Fund
<b>Operating Revenues:</b>				
Charges for Services	\$ 9,601,983	\$ 630,376	\$ 10,232,359	\$ 703,389
Total Operating Revenues	9,601,983	630,376	10,232,359	703,389
<b>Operating Expenses:</b>				
Personal Services and Benefits	2,659,395	35,236	2,694,631	114,887
Contractual Services	1,188,135	36,606	1,224,741	298
Cost of Materials	917,280	-	917,280	538,582
Utilities	458,411	59,582	517,993	5,316
Repair and Maintenance	779,187	126,561	905,748	5,653
Supplies	255,282	16,692	271,974	5,740
Insurance	230,547	12,616	243,163	7,162
Depreciation	1,830,783	338,463	2,169,246	8,978
Overhead Allocation	(104,796)	104,796	-	-
Bad Debts	45,717	3,092	48,809	-
Total Operating Expenses	8,259,941	733,644	8,993,585	686,616
Operating Income	1,342,042	(103,268)	1,238,774	16,773
<b>Nonoperating Revenues:</b>				
Intergovernmental	30,750	-	30,750	-
Interest	4,313	2,088	6,401	89
Amortization of Bond Premium	4,931	-	4,931	-
Miscellaneous	18,539	2,000	20,539	-
Total Nonoperating Revenues	58,533	4,088	62,621	89
<b>Nonoperating Expenses:</b>				
Interest	1,331,125	744,478	2,075,603	-
Amortization of Bond Costs	31,987	-	31,987	-
Amortization of Bond Discount	2,211	-	2,211	-
Total Nonoperating Expenses	1,365,323	744,478	2,109,801	-
Income (Loss) Before Contributions and Special Item	35,252	(843,658)	(808,406)	16,862
Capital Contributions	247,462	33,877	281,339	-
Special Item	-	(192,363)	(192,363)	-
Change in Net Assets	282,714	(1,002,144)	(719,430)	16,862
<b>Total Net Assets at Beginning of Year</b>	<b>14,521,574</b>	<b>2,666,093</b>	<b>17,187,667</b>	<b>333,583</b>
<b>Total Net Assets at End of Year</b>	<b>\$ 14,804,288</b>	<b>\$ 1,663,949</b>	<b>\$ 16,468,237</b>	<b>\$ 350,445</b>

The accompanying notes constitute an integral part of this statement.



**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities -			Governmental Activities - Motor Pool Internal Service Fund
	Utility Enterprise Fund	Denham Springs Sewer District Number 1	Total Business-Type Activities	
<b>Cash Flows From Operating Activities:</b>				
Cash Received from Customers	\$ 9,394,972	\$ 626,514	\$ 10,021,486	\$ 705,085
Cash Payments to Suppliers for Goods and Services	(3,853,620)	(147,391)	(4,001,011)	(588,368)
Cash Payments to Employees for Services and Benefits	(2,649,588)	(35,236)	(2,684,824)	(113,471)
Other Receipts (Payments)	(827,628)	765,798	(61,830)	(331,957)
Net Cash Provided by Operating Activities	2,064,136	1,209,685	3,273,821	(328,711)
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition and Construction of Capital Assets	(417,595)	(8,090,941)	(8,508,536)	-
Interest Expense Paid that was Capitalized	-	(371,588)	(371,588)	-
Interest Expense Paid on Bonds Not Capitalized	(1,333,179)	(744,478)	(2,077,657)	-
Principal Paid on Revenue Bonds	(660,000)	-	(660,000)	-
Capital Contributions	209,373	-	209,373	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(2,201,401)	(9,207,007)	(11,408,408)	-
<b>Cash Flows From Investing Activities:</b>				
Proceeds from Sales and Maturity of Investments	-	-	-	-
Interest Income Received	4,312	2,241	6,553	89
Net Cash Provided by Investing Activities	4,312	2,241	6,553	89
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(132,953)	(7,995,081)	(8,128,034)	(328,622)
<b>Cash and Cash Equivalents - Beginning of Year</b>	1,581,086	8,416,341	9,997,427	328,622
<b>Cash and Cash Equivalents - End of Year</b>	\$ 1,448,133	\$ 421,260	\$ 1,869,393	\$ -
<b>Schedule of Noncash Investing, Capital and Financing Activities:</b>				
Amortization of Deferred Bond Expense	\$ 31,987	\$ -	\$ 31,987	\$ -
Amortization of Bond Premium and Discount (Net)	\$ (2,720)	\$ -	\$ (2,720)	\$ -
Capital Contributions - Donated Right-of-Ways	\$ 38,089	\$ 33,877	\$ 71,966	\$ -

(CONTINUED)

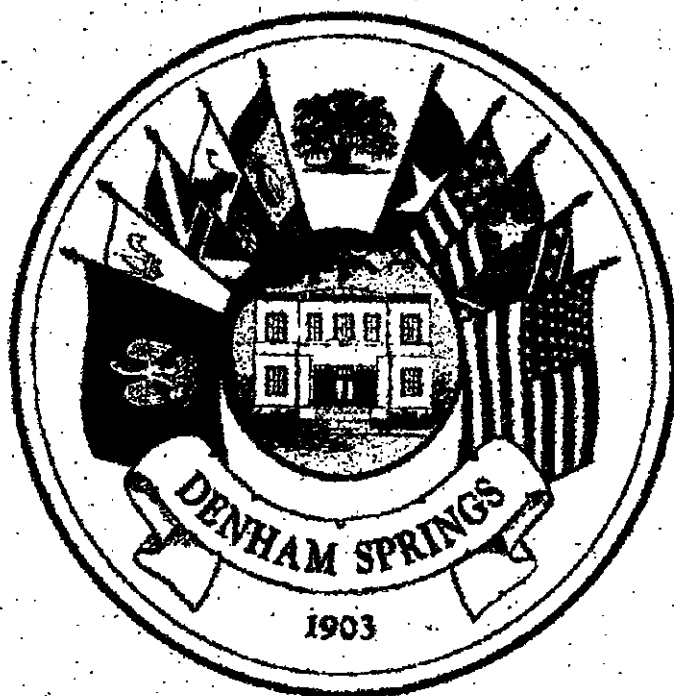
**CITY OF DENHAM SPRINGS  
PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

	<b>Business-Type Activities -</b>			<b>Governmental Activities -</b>
	<b>Utility Enterprise Fund</b>	<b>Denham Springs Sewer District Number 1</b>	<b>Total Business-Type Activities</b>	<b>Motor Pool Internal Service Fund</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	\$ 1,342,042	\$ (103,268)	\$ 1,238,774	\$ 16,773
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	1,830,783	338,463	2,169,246	8,978
Provision for Bad Debts	45,717	3,092	48,809	-
Intergovernmental Revenues	30,750	-	30,750	-
Miscellaneous Revenues	18,539	2,000	20,539	-
<b>Changes in Assets and Liabilities:</b>				
(Increase) Decrease in Accounts Receivable	(97,485)	(3,092)	(100,577)	-
(Increase) Decrease in Other Receivables	18,453	(770)	17,683	1,696
(Increase) Decrease in Unbilled Utility Sales	(187,916)	-	(187,916)	-
(Increase) Decrease in Due from Other Funds	(788,033)	(24,235)	(812,268)	(331,957)
(Increase) Decrease in Inventory	(153,597)	-	(153,597)	6,025
(Increase) Decrease in Prepaid Expenses	52	-	52	-
Increase (Decrease) in Accounts Payable - Trade	23,971	209,462	233,433	(31,642)
Increase (Decrease) in Accrued Salaries and Wages	7,013	-	7,013	-
Increase (Decrease) in Other Current Liabilities	-	-	-	44
Increase (Decrease) in Due To Other Funds	(88,884)	788,033	699,149	-
Increase (Decrease) in Customers' Deposits	59,937	-	59,937	-
Increase (Decrease) in Accumulated Unpaid Vacation	2,794	-	2,794	1,372
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 2,064,136</b>	<b>\$ 1,209,685</b>	<b>\$ 3,273,821</b>	<b>\$ (328,711)</b>

The accompanying notes constitute an integral part of this statement.



## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(1) Summary of Significant Accounting Policies -**

**A. Financial Reporting Entity**

The City of Denham Springs "the City" was incorporated May 8, 1903, under the provisions of R.S. 33:321-48. The City operates under a Mayor - City Council form of government and provides the following services as authorized by its charter: public safety (police, animal control, and fire), highways and streets, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Denham Springs, Louisiana, and its component units, entities for which the City of Denham Springs is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Each discretely presented component unit has a June 30, 2012 year end.

The financial reporting entity consists of (1) the primary government (all funds under the auspices of the Mayor and the City Council), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the City to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Denham Springs (the primary government) and its component units. Based on the criteria above, the City of Denham Springs has included the following component units in the financial reporting entity:

#### **BLENDED COMPONENT UNIT**

The City of Denham Springs created the Denham Springs Sewer District No. 1 on January 26, 2009, under the authority of Louisiana Revised Statute 33:3911 et. seq. The Denham Springs Sewer District No. 1 is a separate legal entity and is governed by the Mayor and the City Council of the City of Denham Springs and is reported as a proprietary fund in the basic financial statements of the City of Denham Springs. The purpose of the Sewer District is to install sewer infrastructure into unincorporated areas of Livingston Parish and within the designated boundaries of the District, to provide sewer services to residence of the area, and to set rates and collect sewer fees once the system is installed. The Sewer District is connecting into the City of Denham Springs sewer treatment facility as the infrastructure is installed.

#### **DISCRETELY PRESENTED COMPONENT UNITS**

Component units that are legally separate from the City but are financially accountable to the City, or whose relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete are discretely presented. The component units column of the government-wide financial statements include the financial data of these discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the City.

Funding for the following state constitutionally defined agencies is included in the City's general fund. These officials however, have certain statutorily defined sources of funds for their own operating and/or capital budget discretion. These funds have been discretely presented in the City's government-wide financial statements:

City Court of Denham Springs - Ward II - The Judge of the Court is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the City Court in that the City is required to provide the City Court office facilities and the City pays a portion of the Judge's compensation, and reimburses the

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

Court for certain other salaries and benefits. The City Court has jurisdiction over all violations of City Ordinances and State misdemeanor cases. The jurisdiction includes the incorporated area of the City of Denham Springs and Ward Two of Livingston Parish. The City has the ability to modify or approve their budget which comes from the General Fund. There are certain funds collected by the City Court, pursuant to state statute, which are under the control of the courts. The City's government-wide financial statements discretely presents the City Court of Denham Springs - Ward II's financial statements for the year ended June 30, 2012.

Marshal of City Court of Denham Springs - Ward II - The Marshal is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the Marshal in that the City is required to provide the Marshal's office facilities, and reimburses the Marshal's office for certain other salaries and benefits. The Marshal of the City Court of Denham Springs has the power of a sheriff in the execution of the Court's orders and mandates in making requests and preserving the peace. The City has the ability to modify or approve the budget which comes from the General Fund. The Marshal serves the citizenry of the City of Denham Springs and Ward Two of Livingston Parish. The City's government-wide financial statements discretely presents the Marshal's financial statements for the year ended June 30, 2012.

In addition to the state constitutionally defined agencies included above, the City created the Denham Springs Economic Development District which created a Louisiana nonprofit corporation, the Denham Springs Economic Development Corporation, to assist the City in the creation of economic development, to improve employment and to otherwise improve the economic condition of the City of Denham Springs and surrounding areas.

Denham Springs Economic Development District - The Denham Springs Economic Development District ("the District") was created by an ordinance of the City Council of the City of Denham Springs on December 9, 2003, pursuant to the Louisiana Cooperative Economic Development Law. A board of five members is provided by law. The District encompasses approximately 75 acres within the City of Denham Springs.

The purpose of the District is to secure Sales Tax Increment Revenue bonds issued to provide funds for the construction of infrastructure improvements and acquiring, constructing and equipping the Bass Pro retail outlet and restaurant and ancillary items within the District. The District issued Sales Tax Increment Revenue Bonds Series 2007 A, B, and C dated March 1, 2007 in the total amount of \$41,540,000 and issued Sales Tax Increment Revenue Bonds Series 2008 dated May 27, 2008 in the amount of \$8,460,000. The proceeds were used for the purchase of 24 acres within the 75 acre

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

District and for the construction of the "Bass Pro Shops" project and infrastructure. The bonds will be repaid from sales tax revenues generated by developments within the District. Collateral for the bonds is limited to the prospective developments and the City of Denham Springs has no liability for these bonds or for the debt service of these bonds.

Because of the required cooperation from each of and the sales tax revenues to be given up by each of the following governmental entities,

City of Denham Springs  
Livingston Parish School Board  
Livingston Parish Council  
Livingston Parish Sheriff  
Livingston Parish Gravity Drainage District #1  
State of Louisiana

the District created the Denham Springs Economic Development Corporation on February 14, 2004. The Corporation's Board is composed of five members recommended by the City of Denham Springs, two members recommended by the Livingston Parish School Board, one member recommended by the Livingston Parish Council, and one member recommended by the Livingston Parish Sheriff for a total of nine members. The corporation is a private nonprofit corporation created pursuant to the Louisiana Nonprofit Corporation Law (Chapter 2 of Title 12 of the Louisiana Revised Statutes) and has been assigned the responsibilities to oversee, supervise and approve the construction of infrastructure improvements and acquiring, constructing, and equipping the Bass Pro retail outlet and restaurant and ancillary items. Ownership of the 24 acres, facilities and infrastructure remains with the District. There was no financial activity within this corporation prior to March of 2007.

The Denham Springs Economic Development Corporation has been included in the financial statements of the Denham Springs Economic Development District as a blended component unit, and the Denham Springs Economic Development District has been included in the City's government-wide financial statements as a discretely presented component unit for the year ended June 30, 2012.

#### **RELATED ORGANIZATIONS**

City officials are also responsible for appointing members of the board of another organization. The City's accountability does not extend beyond making the appointments.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

**Denham Springs Housing Authority -** The Denham Springs Housing Authority is a legally separate government entity formed to administer housing programs funded by the U.S. Department of Housing and Urban Development (HUD). The City governing authority appoints a majority of the Authority's members; however, there is no financial relationship between the Authority and the primary government.

The Denham Springs Parks and Recreation District #3 of Livingston Parish is a related organization of the City, however the City officials have no responsibility for the District. The District does however include the geographic area of the City.

**Denham Springs Parks and Recreation District (PARD) -** PARD is a legally separate parish agency that provides parks and recreational services to the residents of Livingston Parish District #3. District #3 includes the geographic area within the City of Denham Springs.

PARD sets its own ad valorem tax, can incur debt and owns property. The City has no budget approval, management designation or commission member removal powers. PARD finances capital and operating budgets directly from the parish constituents within District #3, and has no financial benefit/burden relationship with the City of Denham Springs.

The following agency is a non-profit corporation established pursuant to State Statutes to finance debt for various public purposes within Livingston Parish. The City Council appoints the board members of the agency. The agency is fiscally independent from the City, issues its own debt, approves its budgets, and sets its rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City is not obligated in any manner for the debt issues of this agency.

#### **Denham Springs/Livingston Housing and Mortgage Finance Authority**

Complete financial statements for each of the City of Denham Springs component units and related organizations can be obtained at the Office of the Legislative Auditor of the State of Louisiana, 1600 North Third Street, P.O. Box 94397, Baton Rouge, LA 70804-9397, or at each of the agencies administrative offices.



## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

#### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental fund:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The *utility enterprise fund* accounts for the provision of gas, water, sewer and sanitation services to the residents of the City of Denham Springs and some residents of the parishes of Livingston and East Baton Rouge. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

The *Denham Springs Sewer District Number 1 fund (a blended component unit)* accounts for the provision of sewer services to customers outside the limits of the City of Denham Springs but within a certain geographical area of Livingston Parish. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

Additionally, the City reports the following fund types:

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund excludes those type of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt services or capital projects.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

*The internal service fund* accounts for services such as vehicle fuel and repairs and maintenance to vehicles provided to other departments or agencies of the City, on a cost reimbursement basis.

*The debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*The permanent fund* is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs – that is, for the benefit of the City or its citizenry.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility fund and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Assets, Liabilities and Net Assets or Equity**

##### **1. Deposits and Investments -**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, with original maturities of three months or less from the date of acquisition.

State statutes authorizes the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments (certificates of deposit with original maturities greater than 90 days) are stated at cost.

Deposit and Investment policies of the component units are similar to those of the primary government except that the restricted cash and investments of the Denham Springs Economic Development District have been placed in trust and are to be invested in accordance with the bond indenture to which these funds were derived.

##### **2. Receivables and Payables -**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance classification in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. At June 30, 2012, there were no advances between funds.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to three percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at June 30, 2012.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. **Inventories and Prepaid Items -**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. **Restricted Assets -**

*Primary Government -*

Certain proceeds of the City's Enterprise Fund 2006 and 2008 Revenue Bonds and the Sewer District Number 1 2009 Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond debt service" accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

Certain proceeds and resources of the City's Utility Enterprise Fund are set aside to reimburse customers their utility deposits upon discontinuance of service.

*Component Unit -*

Certain proceeds of the Denham Springs Economic Development District revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts within a trust and their use is limited by applicable bond covenants. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond debt service" accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

#### 5. Capital Assets -

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets, the City of Denham Springs chose to not include such assets acquired prior to 1980.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 40
Building Improvements	10 - 25
Public Domain Infrastructure	50
System Infrastructure	20 - 50
Equipment	3 - 15

#### 6. Compensated Absences -

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

**7. Long-Term Obligations -**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. Fund Equity -**

The City has adopted the provisions of Governmental Accounting Standards Board Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

**Nonspendable** - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed** - Amounts that can only be used for specific purposes determined by a formal action by City Council ordinance or resolution. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

**Assigned** - Amounts the City intends to use for a specific purpose; intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

**Unassigned - All amounts not included in other spendable classifications; positive amounts are only in the general fund. The City has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.**

**The details of the fund balances are included in the Balance Sheet - Governmental Funds (Exhibit B-1). City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the City Council. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.**

**9. Post-Employment Health Care Benefits -**

**Retiree Benefits -**

**In addition to the pension benefits described in Note 11, the City provides postretirement healthcare benefits to all employees who retire from the City, as per the requirements of a local ordinance. The group insurance is paid by the City and reimbursed by the retired employee. There is no associated cost to the City under this program, and there are only five (5) participants in the program as of June 30, 2012. Since the retiree healthcare benefit program is reimbursed to the City by the participants and the number of retirees opting to use this benefit has been historically low, the City determined any postemployment benefit accrual would be immaterial to the financial statements as the only potential accrual would be the implicit benefit of the retirees of paying the insurance group rate.**

**COBRA Benefits -**

**Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid by the City and reimbursed by the insured. This program is offered for a duration of eighteen (18) months after the termination date. There is no associated cost to the City under this program, and at June 30, 2012, there are no participants in the program.**

**10. Use of Estimates -**

**The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.**



## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

**11. Current Accounting Pronouncements -**

In November 2010, the Governmental Accounting Standards Board issued GASB Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. It modifies certain requirements for inclusion of component units in the financial reporting entity, and it amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations and requires a primary government to report its equity interest in a component unit as an asset. This Statement will be required to be adopted by the City of Denham Springs for fiscal year ending June 30, 2013.

In December 2010, the Governmental Accounting Standards Board issued GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement supersedes GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. This Statement will be required to be adopted by the City of Denham Springs for fiscal year ending June 30, 2013.

In June 2011, the Governmental Accounting Standards Board issued GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. This Statement also amends the net asset reporting requirements in GASB Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments", and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement will be required to be adopted by the City of Denham Springs for fiscal year ending June 30, 2013.

The Governmental Accounting Standards Board issued GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities." This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. This Statement will be required to be adopted by the City of Denham Springs for fiscal year ending June 30, 2013.

The Governmental Accounting Standards Board issued GASB Statement No. 66 "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62." The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This Statement also amends Statement 62 by modifying the specific guidance on

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. This Statement will be required to be adopted by the City of Denham Springs for fiscal year ending June 30, 2013.

In June 2012, the Governmental Accounting Standards Board issued GASB Statement No. 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27." The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations and the resources available to satisfy those obligations. An additional objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. Statement No. 67, *Financial Reporting for Pension Plans*, establishes standards of financial reporting for defined benefit pension plans and defined contribution pension plans that are used to provide pensions that are within the scope of this Statement. The two Statements are closely related in some areas, and certain provisions of this Statement refer to Statement 67. This Statement will be required to be adopted by the City of Denham Springs for fiscal year ending June 30, 2015.

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for fiscal year ending June 30, 2013. Management currently believes the implementation of GASBs 61, 62, 63, 65 and 66 will not have a material effect on the City of Denham Springs' financial statements.

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

#### **(2) Stewardship, Compliance and Accountability -**

##### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Debt Service Fund and the Cemetery Care Permanent Fund which are not budgeted. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Treasurer prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.

Activities of the General Fund, the Capital Project Fund, and the Special Revenue Fund are included in the annual appropriated budget. The City is not required to prepare and does not prepare an annual appropriated budget for its Debt Service Fund, Enterprise Fund, Internal Service Fund or Cemetery Care Permanent Fund.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. Any increase in departmental budgets must be approved by the City Council.

Budgeted amounts are as originally adopted, or as amended from time to time by the City Council. For the fiscal year ended June 30, 2012, the City Council approved the increase in the original expenditures of the General Fund from \$10,292,102 to \$10,827,990.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

The total General Fund increase amounted to \$535,888. The General Fund budget as amended was increased approximately \$32,000 for salaries, increased approximately \$131,000 for equipment expenses, increased approximately \$226,000 for additional capital outlay expenses, and increased approximately \$165,000 for contract services expense. These areas were the major budget increases.

Budgetary data for the discretely presented component units are not presented in these financial statements.

#### **(3) Deposits and Investments -**

The City has established a consolidated bank account with a local bank into which monies are deposited and from which all disbursements are now being made. The purpose of the consolidation account is to reduce administrative charges and provide a single cash balance available for the maximization of investment earnings. Each fund shares in the investment earnings of the consolidated account according to its average cash balance. Cash is transferred from those funds with available cash resources to cover any negative cash balances, if any, in other funds at year-end.

The City also invests all excess funds in certificates of deposits, which have maturity dates greater than 90 days when purchased, and are therefore classified as investments for financial reporting. At June 30, 2012, all certificates of deposit had matured and had not yet been reinvested in new certificates of deposits due to the minimum interest rates in effect.

The discretely presented component units maintain deposit accounts and investments in certificates of deposits similar to the Primary Government.

##### **A. Primary Government**

As reflected in Exhibit A-1, the City of Denham Springs, Louisiana has cash totaling \$3,498,217 and investments totaling \$-. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. These pledged securities are held by and are in the name of the fiscal agent bank but pledged to the City. The following is a summary of cash and investments at June 30, 2012.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet:			
Cash and Cash Equivalents	<u>\$1,628,824</u>	<u>\$1,869,393</u>	<u>\$3,498,217</u>

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

#### *Custodial Credit Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2012, \$2,708,468 of the City's bank balance of \$4,042,598 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name. Neither the City of Denham Springs nor its discretely presented component units has a policy for custodial credit risk.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

#### **B. Deposits - Discretely Presented Component Units**

The discretely presented component units are required to invest funds within the same state statutes as the primary government. Component unit deposits (including demand deposit accounts and all certificates of deposits) at June 30, 2012, are summarized below.

	City Court of Denham Springs Ward II	Marshall of City Court of Denham Springs Ward II	Denham Springs Economic Development District
Deposits in Bank Accounts			
Per Balance Sheet:			
Cash and Cash Equivalents	\$ 200,837	\$ 29,098	\$ 3,417,061
Certificates of Deposits	<u>245,510</u>	<u>-</u>	<u>-</u>
	446,347	29,098	3,417,061
Fiduciary Amounts - Not Included in Statement of Net Assets	<u>324,489</u>	<u>-</u>	<u>-</u>
	<u>\$ 770,836</u>	<u>\$ 29,098</u>	<u>\$ 3,417,061</u>

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

#### *Custodial Credit Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the component units' deposits may not be returned to them. As of June 30, 2012, \$93,475 of the component units' bank balances of \$4,296,095 were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the component unit that the fiscal agent has failed to pay deposited funds upon demand.

#### (4) **Ad Valorem Taxes -**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City's property taxes are now billed and collected by the Livingston Parish Tax Collector from information on assessed values received from the Livingston Parish Assessor's Office. The Tax Collector remits collections monthly to the City.

For the year ended June 30, 2012, taxes of 2.748 mills were levied on property with assessed valuations totaling \$77,289,790 and were dedicated to general purposes.

Total taxes levied were \$212,394. Taxes receivable at June 30, 2012, consisted of the following:

Taxes Receivable - Current Roll	\$ 4,185
Taxes Receivable - Prior Years	<u>23,556</u>
	27,741
Allowance for Uncollectible Taxes	<u>(25,139)</u>
	<u>\$ 2,602</u>

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

**(5) Receivables -**

Receivables as of June 30, 2012, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Interest</u>	<u>Ad Valorem Taxes</u>	<u>Royalties</u>	<u>Franchise Taxes</u>	<u>Accounts</u>	<u>Unbilled Sales</u>	<u>Less: Allowance for Uncollectibles</u>	<u>Total - Net Receivable</u>
<b><u>Governmental Activities:</u></b>								
General Fund	\$ -	\$ 27,741	\$ 191	\$123,684	\$ 74,026	\$ -	\$ (25,139)	\$ 200,503
Nonmajor Governmental Funds	-	-	-	-	7,683	-	-	7,683
Total Governmental Activities	-	27,741	191	123,684	81,709	-	(25,139)	208,186
<b><u>Business Type-Activities:</u></b>								
Utility Fund	9	-	-	-	703,636	616,874	(239,000)	1,081,519
<b><u>Component Units:</u></b>								
City Court of Denham Springs - Ward II	540	-	-	-	1,440	-	-	1,980
Denham Springs Economic Development District	641	-	-	-	3,693	-	-	4,334
Total Component Units	1,181	-	-	-	5,133	-	-	6,314
	<u>\$ 1,190</u>	<u>\$ 27,741</u>	<u>\$ 191</u>	<u>\$123,684</u>	<u>\$790,478</u>	<u>\$616,874</u>	<u>\$(264,139)</u>	<u>\$1,296,019</u>

**(6) Due From Other Governments -**

Due from Other Governments as of June 30, 2012, consists of the following:

	<u>Livingston Parish School Board</u>	<u>State of Louisiana</u>	<u>Livingston Parish</u>	<u>FEMA</u>	<u>Other</u>	<u>Total</u>
<b><u>Governmental Activities:</u></b>						
General Fund	\$ 993,538	\$ 7,838	\$ 40,659	\$ 5,496	\$ -	\$1,047,531
Nonmajor Governmental Internal Service Fund	-	-	-	-	61,603	61,603
Total Governmental Activities	993,538	7,838	40,659	5,496	61,603	1,109,134
<b><u>Business Type-Activities:</u></b>						
Utility Fund	-	-	-	7,932	620	8,552
<b><u>Component Units:</u></b>						
Denham Springs Economic Development District	525,292	300,454	-	-	-	825,746
Total Component Units	525,292	300,454	-	-	-	825,746
	<u>\$1,518,830</u>	<u>\$ 308,292</u>	<u>\$ 40,659</u>	<u>\$ 13,428</u>	<u>\$ 62,223</u>	<u>\$1,943,432</u>



# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

(7) **Interfund Receivables, Payables - Due (To) From Primary  
Government/Component Units - Transfers In, Transfers Out -**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Due To</u>	<u>Due From</u>
<b>Governmental Activities:</b>			
General Fund	Utility Fund	\$ -	\$ 604,643
Internal Service Fund	Utility Fund	-	331,957
Capital Projects Fund	Utility Fund	-	44,845
<b>Business Type-Activities:</b>			
Denham Springs Sewer District Number 1	Utility Fund	934,589	-
	Utility Fund	-	95,885
Utility Fund	General Fund	604,643	-
	Internal Service Fund	331,957	-
	Capital Projects Fund	44,845	-
	Sewer District Number 1	-	934,589
	Sewer District Number 1	<u>95,885</u>	<u>-</u>
		<u>\$2,011,919</u>	<u>\$2,011,919</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance owed to the General Fund, Internal Service Fund, and Capital Projects Fund from the Utility Fund resulted from amounts of outstanding checks in excess of bank balances attributable to the Utility Fund in the amount of \$981,445. The Denham Springs Sewer District Number 1 owes the Utility Fund \$934,589 in accumulated project costs in connection with the construction of the District's infrastructure and for cost for services provided by the Utility Fund. The Utility Fund handles the billing and collection of amounts due from customers of Denham Springs Sewer District Number 1. The Utility Fund and the District share some common customers because the Utility fund provides those customers water services. The Utility Fund owes Denham Springs Sewer District Number 1 \$95,885 for impact fees collected and billed and unbilled sales for the month of June 2012. These balances due to and from funds are expected to be repaid in the subsequent year.

**CITY OF DENHAM SPRINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

		Due (To)/From Primary Government	Due (To)/From Component Units
<u>Primary Government:</u>			
General Fund		\$ -	\$ 25,255
<u>Component Units:</u>			
Marshall of City Court of Denham Springs - Ward II		(25,255)	-
Total		<u>\$ (25,255)</u>	<u>\$ 25,255</u>

(8) Changes in Capital Assets -

Primary government capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 1,222,026	\$ 2,748	\$ -	\$ 1,224,774
Construction in Progress	<u>52,771</u>	<u>619,062</u>	<u>(645,966)</u>	<u>25,867</u>
Total Capital Assets not being Depreciated	1,274,797	621,810	(645,966)	1,250,641
Capital Assets being Depreciated:				
Buildings and Improvements	5,206,438	61,705	-	5,268,143
Infrastructure	4,756,756	645,966	-	5,402,722
Equipment	<u>6,499,462</u>	<u>216,864</u>	<u>(73,688)</u>	<u>6,642,638</u>
Total Capital Assets being Depreciated	16,462,656	924,535	(73,688)	17,313,503
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,687,585	128,038	-	2,815,623
Infrastructure	2,129,743	208,465	-	2,338,208
Equipment	<u>4,197,606</u>	<u>516,794</u>	<u>(73,688)</u>	<u>4,640,712</u>
Total Accumulated Depreciation	<u>9,014,934</u>	<u>853,297</u>	<u>(73,688)</u>	<u>9,794,543</u>
Total Capital Assets being Depreciated, Net	<u>7,447,722</u>	<u>71,238</u>	<u>-</u>	<u>7,518,960</u>
Total Governmental Activities Capital Assets, Net	\$ 8,722,519	\$ 693,048	\$ (645,966)	\$ 8,769,601

(CONTINUED)

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b><u>Business-Type Activities:</u></b>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 4,008,296	\$ 277,046	\$ -	\$ 4,285,342
Construction in Progress	<u>13,602,466</u>	<u>7,682,511</u>	<u>(21,174,916)</u>	<u>110,061</u>
Total Capital Assets not being Depreciated	17,610,762	7,959,557	(21,174,916)	4,395,403
Capital Assets being Depreciated:				
Buildings and Improvements	583,297	-	-	583,297
Gas System	4,894,889	33,190	-	4,928,079
Water System	16,690,916	81,741	-	16,772,657
Sewer System	35,811,918	21,208,276	(197,059)	56,823,135
Equipment	<u>2,591,668</u>	<u>87,564</u>	<u>(36,991)</u>	<u>2,642,241</u>
Total Capital Assets being Depreciated	60,572,688	21,410,771	(234,050)	81,749,409
Less: Accumulated Depreciation for:				
Building and Improvements	225,032	12,165	-	237,197
Gas System	2,958,642	115,662	-	3,074,304
Water System	5,557,790	482,658	-	6,040,448
Sewer System	5,425,360	1,324,578	(4,696)	6,745,242
Equipment	<u>1,852,660</u>	<u>234,183</u>	<u>(36,991)</u>	<u>2,049,852</u>
Total Accumulated Depreciation	16,019,484	2,169,246	(41,687)	18,147,043
Total Capital Assets being Depreciated, Net	44,553,204	19,241,525	(192,363)	63,602,366
Total Business-Type Activities Capital Assets, Net	<u>\$62,163,966</u>	<u>\$27,201,082</u>	<u>\$(21,367,279)</u>	<u>\$67,997,769</u>

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General Government	\$ 94,355	Water	\$ 556,289
Public Safety	448,684	Gas	174,715
Culture and Recreation	48,117	Sewer	1,431,081
Highway and Streets	<u>253,163</u>	Sanitation	<u>7,161</u>
	844,319	Total Depreciation Expense -	
Capital Assets Held by Internal		Business-Type Activities	<u>\$ 2,169,246</u>
Service Funds are Charged to the			
Various Functions Based on their			
Usage of the Assets	<u>8,978</u>		
Total Depreciation Expense -			
Governmental Activities	<u>\$ 853,297</u>		

During the current year, Denham Springs Sewer District Number 1 (the "District") placed in service it's sewer collection system that was constructed with the proceeds of revenue bonds. This caused the District's subdivision wastewater treatment plants used prior to connection to the District's collection system to be obsolete and are no longer being used. The Utility Enterprise Fund wrote off the remaining value of these wastewater treatment plants and recorded a loss of \$192,363 as a special item.

### Construction Commitments

#### *Governmental Activities:*

The City has five active construction projects as of June 30, 2012 in the governmental activities. The projects include the Willow Woods Parking Lot, River Road Overlay Project, Rushing Road Widening Project, Centerville Street Overlay Project, and Cockerham Road Drainage. The Willow Woods Parking Lot and River Road Overlay Project are the only City owned projects. The other three projects are State of Louisiana owned. The following schedule represents construction commitments in the governmental funds at June 30, 2012:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Willow Woods Parking Lot	\$ 13,982	\$ 3,828
River Road Overlay Project	11,885	43,115
	<u>\$ 25,867</u>	<u>\$ 46,943</u>

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

***Business-Type Activities:***

The City has four active construction projects as of June 30, 2012 in the business-type activities. The projects include the Water/Sewer Building Project, Cockerham Road Project, Lift Station Pumps Project, and Sewer Lift Station Renovations. The following schedule represents construction commitments in the proprietary funds at June 30, 2012:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Water/Sewer Building	\$ 84,838	\$ -
Cockerham Road Project	4,650	25,900
Lift Station Pumps Project	17,686	-
Sewer Lift Station Renovations	<u>2,887</u>	<u>-</u>
	<u>\$ 110,061</u>	<u>\$ 25,900</u>

A summary of changes in capital assets for component units is as follows:

**City Court of Denham Springs - Ward II:**

<u>Governmental Activities</u>	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Equipment:				
Copier	\$ 11,018	\$ -	\$ -	\$ 11,018
Telephone System	11,171	-	-	11,171
Furniture and Fixtures	26,579	-	-	26,579
Computer Equipment	138,746	430	-	139,176
Police Equipment	4,273	-	-	4,273
Leasehold Improvements	15,696	-	-	15,696
Other Equipment	<u>29,126</u>	<u>9,041</u>	<u>-</u>	<u>28,167</u>
Totals	236,609	9,471	-	246,080
Less: Accumulated				
Depreciation	<u>205,965</u>	<u>10,888</u>	<u>-</u>	<u>216,853</u>
Capital Assets, Net	<u>\$ 30,644</u>	<u>\$ (1,417)</u>	<u>\$ -</u>	<u>\$ 29,227</u>

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

### Marshal of City Court of Denham Springs - Ward II:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b><u>Governmental Activities:</u></b>				
Office Equipment	\$ 21,489	\$ -	\$ -	\$ 21,489
Furniture and Fixtures	17,111	-	-	17,111
Machinery and Equipment	44,073	-	-	44,073
Vehicles	235,920	10,500	(57,015)	189,405
Leasehold Improvements	<u>12,529</u>	<u>-</u>	<u>-</u>	<u>12,529</u>
Totals	331,122	10,500	(57,015)	284,607
Less: Accumulated Depreciation	<u>189,196</u>	<u>43,443</u>	<u>(55,393)</u>	<u>177,246</u>
Capital Assets, Net	<u>\$ 141,926</u>	<u>\$ (32,943)</u>	<u>\$ (1,622)</u>	<u>\$ 107,361</u>

### Denham Springs Economic Development District:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b><u>Governmental Activities:</u></b>				
Capital Assets not being Depreciated:				
Land	\$ <u>7,303,750</u>	\$ -	\$ -	\$ <u>7,303,750</u>
Total Capital Assets not being Depreciated	7,303,750	-	-	7,303,750
Capital Assets being Depreciated:				
Buildings	26,205,237	-	-	26,205,237
Roads	6,566,631	-	-	6,566,631
Utilities	<u>2,063,484</u>	<u>-</u>	<u>-</u>	<u>2,063,484</u>
Total Capital Assets being Depreciated	34,835,352	-	-	34,835,352
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,211,067	655,131	-	2,866,198
Roads	994,277	328,332	-	1,322,609
Utilities	<u>348,213</u>	<u>103,174</u>	<u>-</u>	<u>451,387</u>
Total Accumulated Depreciation	3,553,557	1,086,637	-	4,640,194
Total Capital Assets being Depreciated, Net	<u>31,281,795</u>	<u>(1,086,637)</u>	<u>-</u>	<u>30,195,158</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 38,585,545</u>	<u>\$ (1,086,637)</u>	<u>\$ -</u>	<u>\$ 37,498,908</u>

**CITY OF DENHAM SPRINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

Depreciation expense was charged to functions of the component unit government as follows:

**Governmental Activities:**

City Court of Denham Springs – Ward II	\$ 10,888
Marshal of City Court of Denham Springs - Ward II	43,443
Denham Springs Economic Development District	<u>1,086,637</u>
	<u>\$ 1,140,968</u>

**(9) Long-Term Liabilities -**

**Primary Government -**

**Revenue Bonds**

**Utility Enterprise Fund:** The City issues bonds where it pledges income derived from the acquired or constructed assets to pay debt services. On December 1, 2006, the City issued \$23,765,000 of revenue bonds. During a prior fiscal year, the City issued an additional \$9,100,000 of revenue bonds dated May 28, 2008. These bonds were issued to finance the funding of the upgrade of the City owned sewer treatment plant, the funding of the expansion of the City water distribution system to unincorporated areas of the City, the funding of renovations and rehabilitations of City sewer manholes, the funding of the reclamation of the City's sewer lagoons, the funding of a water and sewer department building, the funding of any other repairs and/or expansions needed to maintain the City's water distribution system, and any costs incidental to the issuance of these bonds.

**Denham Springs Sewer District Number 1:** On November 1, 2009, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$23,750,000 in revenue bonds on behalf of the Denham Springs Sewer District Number 1. These bonds were issued for the purpose of (1) financing the cost of acquiring, constructing, extending and improving the sewerage infrastructure within the District and (2) paying capitalized interest on the bonds for a period of eighteen months, and (3) paying the cost of issuance of the bonds.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

The revenue bonds outstanding at June 30, 2012, are as follows:

<u>Description/Purpose</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2012</u>
<b>Business-Type Activities:</b>				
Utility Enterprise Fund:				
2006 Utility Revenue				
Bonds - Sewer Project	\$23,765,000	4.00 to 4.75%	12-01-2036	\$21,485,000
2008 Utility Revenue				
Bonds - Sewer Project	\$ 9,100,000	3.00 to 4.88%	12-01-2038	8,540,000
<b>Denham Springs Sewer</b>				
District Number 1:				
2009 Denham Springs Sewer				
District No. 1 Project	\$23,750,000	4.00 to 5.00%	12-01-2039	23,750,000
<b>Total Revenue Bonds</b>				<b>\$53,775,000</b>

Revenue bond debt service requirements to maturity, including interest requirements, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 685,000	\$ 2,424,008	\$ 3,109,008
2014	710,000	2,397,589	3,107,589
2015	735,000	2,370,095	3,105,095
2016	1,195,000	2,332,817	3,527,817
2017	1,240,000	2,285,136	3,525,136
2018-2022	6,985,000	10,621,613	17,606,613
2023-2027	8,555,000	9,010,282	17,565,282
2028-2032	10,625,000	6,872,459	17,497,459
2033-2037	13,380,000	4,048,968	17,428,968
2038-2040	9,665,000	739,302	10,404,302
<b>Total Revenue Bonds</b>	<b>\$53,775,000</b>	<b>\$43,102,269</b>	<b>\$96,877,269</b>



## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

**The 2006 Utility Revenue Bond - Sewer Project requires the following funds to be maintained:**

**A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.**

**The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2012, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$389,904.**

**The 2008 Utility Revenue Bond - Sewer Project requires the following funds to be maintained:**

**A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.**

**The City is required to pay monthly one-twelfth (1/12) of the interest and principal paid on the bonds during the immediate preceding bond year into a principal and interest account of the Debt Service Fund. At June 30, 2012, the Debt Service Fund requirements for the interest and principal accounts were fully funded with an actual balance of \$137,042.**

**The 2009 Denham Springs Sewer District Number 1 Project Bond requires the following funds to be maintained:**

**A capitalized interest fund which was used to receive the immediate transfer of a portion of the proceeds of the bonds to pay interest capitalized on the bonds for a period of eighteen months during the construction phase of the project. Any funds remaining after June 30, 2011 are to be transferred into the debt service fund. At June 30, 2012, \$0 remained in the capitalized interest fund.**

**A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.**

**Upon completion of the construction or eighteen months, whichever occurs first, the Denham Springs Sewer District Number 1 will be required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At June 30, 2012, the balance in the account was \$97,051.**

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

**Prior Year Bond Defeasance.** There are no outstanding balances on any prior-year bond defeasance as of June 30, 2012.

**Capital Lease Payable.** The City entered into a capital lease agreement on August 13, 2008, for financing the purchase of two fire trucks for the Fire Department. The lease requires annual payments of principal and interest of \$225,000 for five years with a final payment due April 1, 2013. The City entered into a capital lease agreement on September 28, 2011, for financing the purchase of five police vehicles for the Police Department. The lease required six quarterly payments of principal and interest of \$17,619 with the final payment due October 1, 2014. Both lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the City Council does not make an annual appropriation for the lease payments. The capital leases payable at June 30, 2012, are as follows:

<u>Description/Purpose</u>	<u>Original Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2012</u>
Capital lease to finance the purchase of two fire trucks	<u>\$979,291</u>	<u>4.93%</u>	<u>04/01/13</u>	\$214,435
Capital lease to finance the purchase of five police vehicles	<u>\$ 99,500</u>	<u>3.50%</u>	<u>10/01/14</u>	<u>83,651</u>
Total Capital Leases				<u>\$298,086</u>

Capital lease payments to maturity including interest requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 247,027	\$ 13,211	\$ 260,238
2014	33,743	1,494	35,237
2015	<u>17,316</u>	<u>303</u>	<u>17,619</u>
Total	<u>\$ 298,086</u>	<u>\$ 15,008</u>	<u>\$ 313,094</u>

**CITY OF DENHAM SPRINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

**Changes in Long-Term Debt.** Long-term liability activity for the year ended June 30, 2012 is as follows:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Capital Lease	\$ 418,800	\$ 99,500	\$ 220,214	\$ 298,086	\$ 247,027
Compensated Absences	<u>825,560</u>	<u>750,516</u>	<u>672,883</u>	<u>903,193</u>	<u>225,798</u>
<b>Governmental Activity</b>					
Long-Term Liabilities	<u>\$ 1,244,360</u>	<u>\$ 850,016</u>	<u>\$ 893,097</u>	<u>\$ 1,201,279</u>	<u>\$ 472,825</u>
<b>Business-Type Activities:</b>					
2006 Utility Revenue					
Bond-Sewer Project	\$21,970,000	\$ -	\$ 485,000	\$21,485,000	\$ 505,000
2008 Utility Revenue					
Bond-Sewer Project	8,715,000	-	175,000	8,540,000	180,000
2009 Denham Springs Sewer					
District No. 1 Project	23,750,000	-	-	23,750,000	-
<b>Adjust for Deferred Amount:</b>					
For Issuance Premium	209,767	-	4,931	204,836	4,935
For Issuance Discounts	<u>(265,986)</u>	<u>-</u>	<u>(2,211)</u>	<u>(263,775)</u>	<u>(2,214)</u>
<b>Total Bonds Payable</b>	54,378,781	-	662,720	53,716,061	687,721
<b>Compensated Absences</b>	<u>200,403</u>	<u>217,906</u>	<u>215,112</u>	<u>203,197</u>	<u>50,799</u>
<b>Business-Type Activities</b>					
Long-Term Liabilities	<u>\$54,579,184</u>	<u>\$ 217,906</u>	<u>\$ 877,832</u>	<u>\$53,919,258</u>	<u>\$ 738,520</u>

The internal service fund serves predominantly the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$15,400 of compensated absences for the internal service fund is included in the above amounts. Also, for the governmental activities, capital leases and compensated absences are generally liquidated by the General Fund.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

### Component Units -

#### Denham Springs Economic Development District:

The following is a summary of the changes in general long-term debt of the Denham Springs Economic Development District for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
<b>Governmental Activities:</b>					
2007 Series A	\$ 5,060,000	\$ -	\$ 5,060,000	\$ -	\$ -
2007 Series B	28,825,000	-	28,825,000	-	-
2007 Series C	5,300,000	-	5,300,000	-	-
2008 Series	8,180,000	-	8,180,000	-	-
2011A Series	-	30,000,000	-	30,000,000	590,000
2011B Series	-	16,200,000	-	16,200,000	485,000
Adjust for Deferred Amount:					
Net Amount on Refunding	-	(1,378,721)	-	(1,378,721)	-
For Issuance Discounts	(318,383)	-	(318,383)	-	-
<b>Long-Term Liabilities</b>	<b>\$ 47,046,617</b>	<b>\$44,821,279</b>	<b>\$47,046,617</b>	<b>\$ 44,821,279</b>	<b>\$1,075,000</b>

The District issued the 2007A, 2007B and the 2007C Series bonds on March 1, 2007 with a maturity date of January 1, 2037. The 2008 Series bond was issued on May 27, 2008 with a maturity date of January 1, 2037.

These bonds were issued for the purchase of 24 acres within the 75 acre District and for the construction of the "Bass Pro Shops" project and infrastructure. The bonds will be paid from the dedicated portion of the sale tax revenues generated from the District. Additional collateral for these bonds is limited to the "Bass Pro Shop" development and the City of Denham Springs has no liability for these bonds.

On July 16, 2009, the 2007 Series B Bonds and the 2008 Series Bonds were converted from taxable variable rate sales tax increment revenue bonds to non-taxable variable rate sales tax increment revenue bonds. In addition, the 2007 Series C Bonds were converted from taxable fixed rate subordinate sales tax increment bonds to non-taxable fixed rate subordinate sales tax increment bonds. The conversion was done in an effort to reduce future interest payments.

On December 22, 2011, the District issued \$30,000,000 Series 2011A and issued \$16,200,000 Series 2011B Sales Tax Increment Refunding Bonds for the purpose of refunding the outstanding balance of the Series 2007 and 2008 bonds and to amend and restate the trust indenture including changes to the interest rate, letter of credit, and remarketing requirements. The 2011 Series bonds are scheduled to mature on January 1, 2037.

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

At June 30, 2012, long-term debt consists of the following Sales Tax Increment Revenue Bonds dated December 1, 2011 for the 2011A and the 2011B Series:

Series 2011A Sales Tax Increment  
Revenue Refunding Bonds with Interest  
Bank Rate of 3.09% through the Initial  
Bank Rate Period; Convertible to Fixed  
Rate or Weekly Rate on January 1, 2017  
with Final Maturity January 1, 2037 \$ 30,000,000

Series 2011B Sales Tax Increment  
Revenue Refunding Bonds with Interest  
Bank Rate of the multiple of 70% of the  
One Month LIBOR Rate plus 1.50% through  
the Initial Bank Rate Period; Convertible to  
Fixed Rate or Weekly Rate on January 1, 2017  
with Final Maturity January 1, 2037 16,200,000

\$ 46,200,000

The annual requirements to amortize the bonds outstanding using estimated current interest rates of 3.09% for the Series 2011A, and 1.662% for the Series 2011B are shown in the following schedule.

Year Ending June 30,	2011 Series A		2011 Series B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 590,000	\$ 922,442	\$ 485,000	\$ 263,454	\$ 1,075,000	\$ 1,185,896
2014	660,000	903,671	-	261,212	660,000	1,164,883
2015	695,000	883,006	-	261,212	695,000	1,144,218
2016	730,000	861,260	-	261,212	730,000	1,122,472
2017	765,000	838,433	-	261,213	765,000	1,099,646
2018-2022	4,440,000	3,807,961	-	1,306,062	4,440,000	5,114,023
2023-2027	5,660,000	3,041,024	-	1,306,062	5,660,000	4,347,086
2028-2032	7,230,000	2,062,034	-	1,306,062	7,230,000	3,368,096
2033-2037	9,230,000	812,284	15,715,000	1,241,654	24,945,000	2,053,938
	30,000,000	14,132,115	16,200,000	6,468,143	46,200,000	20,600,258
Less: Deferred Amount on Refinancing	(896,168)	-	(482,553)	-	(1,378,721)	-
Total	<u>\$ 29,103,832</u>	<u>\$ 14,132,115</u>	<u>\$ 15,717,447</u>	<u>\$ 6,468,143</u>	<u>\$ 44,821,279</u>	<u>\$ 20,600,258</u>

**CITY OF DENHAM SPRINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

**Current Year Advance Refundings**

On December 1, 2011, the District issued \$30,000,000 Series 2011A and \$16,200,000 Series 2011B of Sales Tax Increment Refunding Bonds, for the purpose of refunding the outstanding balance of the Series 2007A, 2007B, 2007C and 2008 bonds. The 2011 Series bonds are scheduled to mature on January 1, 2037. The outstanding principal balance of the Sales Tax Increment Bonds, Series 2007A, 2007B, 2007C and 2008 bonds as of the refunding date of December 1, 2011, was \$5,060,000, \$28,090,000, \$5,300,000 and \$8,115,000, respectively.

The proceeds of the Refunding Bonds, Series 2011 were as follows:

**Proceeds of Refunding Bonds, Series 2011:**

Par Amount of Bonds	<u><u>\$ 46,200,000</u></u>
---------------------	-----------------------------

The sources and uses of the refunding issue are summarized as follows:

**Sources and Uses of Funds:**

**Sources:**

Series 2011A Bonds	\$ 30,000,000
Series 2011B Bonds	16,200,000
Existing Debt Service Reserve	2,004,106
Excess Revenue Fund	513,725
Revenue Fund	500,361
	<u><u>\$ 49,218,192</u></u>

**Uses:**

Redemption of Series 2007A Bonds	\$ 5,060,000
Redemption of Series 2007B Bonds	28,090,000
Redemption of Series 2007C Bonds	5,300,000
Redemption of Series 2008 Bonds	8,115,000
Series 2011 Debt Service Reserve	2,000,000
Payment of Accrued Interest on Redeemed Bonds	223,192
Estimated Series 2011 Cost of Issuance	430,000
	<u><u>\$ 49,218,192</u></u>

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

The following is the calculation of cash flow requirements and economic gain:

**Cash Flow Difference:**

Old Debt Service Cash Flows		\$ 78,447,204
New Debt Service Cash Flows	71,735,678	
Plus:		
Contribution from Sinking Funds	<u>365,000</u>	<u>72,100,678</u>
Cash Flow Difference		<u>\$ 6,346,526</u>

**Economic Gain on Refunding:**

Present Value of Old Debt Service Cash Flows		\$ 52,738,529
Present Value of New Debt Service Cash Flows	45,813,519	
Plus:		
Net Contribution from Debt Service Funds	<u>365,000</u>	<u>46,178,519</u>
Economic Gain		<u>\$ 6,560,010</u>

This advance refunding was undertaken to decrease total debt service payments over the next 25 years by \$6,346,526 and resulted in an economic gain of \$6,560,010. The cash flows of future payments on the refunded 2007A, 2007B and 2008 bonds was calculated using an estimated interest of 4.05% which includes 1.25% interest, 1.90% letter of credit fee, and .90% remarketing fee. The cash flows of future payments on the refunded 2007C bonds was calculated using 8% interest. The cash flows of future payments on the 2011A bonds was 3.09% while the cash flows of future payments on the 2011B variable interest bonds used an estimate of 2.75%.

**Marshal of City Court of Denham Springs - Ward II:**

The following is a summary of the changes in general long-term debt of the Marshal of City Court of Denham Springs - Ward II for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Governmental Activities:					
Capital Lease	\$ 46,597	\$ -	\$ 21,024	\$ 25,573	\$ 15,140

**Capital Lease Payable** The Marshal entered into a capital lease agreement on November 3, 2009, for financing the purchase of a 2010 Chevrolet Tahoe for the deputies. The lease requires monthly payments of principal and interest of \$618 for forty-eight months with a final

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

payment due January 19, 2014. In addition, the Marshal entered into a capital lease agreement on November 5, 2009, for financing the purchase of a 2010 Ford Crown Victoria for the deputies. The lease requires quarterly payments of principal and interest of \$2,332 for twelve quarters with a final payment due August 5, 2012. The Marshal entered into a capital lease agreement on July 9, 2010, for financing the purchase of a 2010 Chevrolet Express for transporting prisoners. The lease requires monthly payments of principal and interest of \$530 for forty-eight months with a final payment due July 9, 2014. The lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the Marshal does not make an annual appropriation for the lease payments. The capital leases payable at June 30, 2012, are as follows:

<u>Description/Purpose</u>	<u>Original Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2012</u>
Capital lease to finance the purchase of 2010 Chevrolet Tahoe	\$ 26,727	5.50%	01/19/14	\$ 11,235
Capital lease to finance the purchase of 2010 Ford Crown Victoria	\$ 25,801	6.05%	08/05/12	2,297
Capital lease to finance the purchase of 2010 Chevrolet Express	\$ 22,881	5.27%	07/09/14	12,041
				<u>\$ 25,573</u>

Capital lease payments to maturity including interest requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 15,140	\$ 973	\$ 16,113
2014	<u>10,433</u>	<u>255</u>	<u>10,688</u>
Total	<u>\$ 25,573</u>	<u>\$ 1,228</u>	<u>\$ 26,801</u>

**(10) Customers' Deposits -**

Meter deposits are paid by customers upon application for utility services and are returnable to them upon termination of service. Receipts from meter deposits are deposited in the Utility Operating Fund and refunds of deposits on termination of service are made from the same account.



# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

The City has a certificate of deposit and a demand deposit account which is designated specifically for Customers' Deposits. At June 30, 2012, customers' deposits amounted to \$917,605 and the balances of the certificate of deposit and the demand deposit account for Customers' Deposits amounted to \$920,687 and are included as Restricted Assets on the Statement of Net Assets.

**(11) Retirement Commitments -**

**A. Plan Descriptions, Contribution Information, and Funding Policies**

Substantially all employees of the City of Denham Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate boards of trustees. Pertinent information relative to each plan follows:

The following is a summary of eligibility factors, contribution methods, and benefit provisions.

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Eligibility to Participate	All permanent employees working at least 35 hours per week, not covered by another pension plan, and under age 60 at date of employment and are paid wholly or in part from City funds; all elected municipal officials are also eligible to participate; all employees of the City are members of Plan B.	All full-time police department employees engaged in law enforcement are required to participate in the System.	Mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System.
Authority Establishing Contribution Obligations and Benefits	State Statute	State Statute	State Statute

(CONTINUED)

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Plan Members' Contribution Rate (Percent of Covered Payroll)	5.00%	10.00%	10.00%
City's Contri- bution Rate (Percent of Covered Payroll)	8.00%	26.50%	23.25%
Period Required to Vest	10 years	12 years	12 years
Benefits and Eligibility for Distri- bution (Full-Time)	At or after age 60 with at least 10 years of creditable service or at or after 55 with at least 30 years of creditable service, 2% of final average salary multiplied by the years of creditable service; at least 10 years but less than 30 years of creditable service, may take early retirement benefits reduced 3% for each year retirement pre- cedes age 60; in any case monthly retirement benefits can not exceed 100% of final average salary	25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55, 3 1/3% of average salary multiplied by the years of credit- able service not to exceed 100% of final salary; early retire- ment, 20 years of service regardless of age, 3 1/3% of average salary multiplied by creditable service actuarially reduced for retirement prior to age 50.	20 years or more of creditable service and attained age 50 or 12 years of service and age 55 or 25 years of service at any age, 3 1/3% of average salary multiplied by the years of credit- able service not to exceed 100% of final salary

(CONTINUED)

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Deferred Retirement Option	Yes, 30 years creditable service	Yes, 25 years of creditable service regardless of age or 20 years of creditable service and attaining the age of 50	Yes, after completing 20 years of creditable service
Provisions for:			
Cost of Living Adjustments (Normal Retirement)	Yes	Yes	Yes
Death (Duty, Non-Duty, Post Retirement)	Yes	Yes	Yes
Disability (Duty, Non-Duty)	Yes	Yes	Yes
Cost of Living Allowances	Yes	Yes	Yes

### B. Trend Information -

Contributions required by State statute:

	Municipal Employees Retirement System of Louisiana		Municipal Police Employees Retirement System of Louisiana		Firefighters Retirement System of Louisiana	
Fiscal Year	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
2003	\$235,415	100%	\$182,630	100%	\$128,281	100%
2004	\$299,519	100%	\$275,777	100%	\$235,124	59%
2005	\$317,335	100%	\$320,036	100%	\$254,973	138%
2006	\$326,121	100%	\$251,776	100%	\$199,621	100%
2007	\$343,216	100%	\$250,519	100%	\$176,041	100%
2008	\$370,239	100%	\$317,836	100%	\$200,578	100%
2009	\$382,787	100%	\$276,065	100%	\$220,173	100%
2010	\$375,732	100%	\$314,431	100%	\$282,354	100%
2011	\$379,777	100%	\$577,439	100%	\$374,369	100%
2012	\$408,360	100%	\$646,830	100%	\$415,786	100%

## **CITY OF DENHAM SPRINGS**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

Trend information showing the progress of the Systems in accumulating sufficient assets to pay benefits when due is presented in their annual financial reports. Copies of these reports may be obtained from the respective State retirement systems.

**(12) Deferred Compensation Plan -**

The City offers its employees a deferred compensation plan created in accordance with Louisiana Revised Statutes 42:1301 through 42:1308 and Section 457 of the Internal Revenue Code of 1954. The Louisiana Public Employees' Deferred Compensation Plan is available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In accordance with the amended provisions of Internal Revenue Code Section 457 which were enacted into law in August 1996, all amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are solely the property and rights of the participants and their beneficiaries. As required by the amendment to the code, the City established a custodial account with a third party administrator who will hold the assets and income of the plan.

Under GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", governments who have no responsibility for the plan and are not formally considered the plan's trustee are not required to report the plan in its financial statements. Since the City's plan is held in a custodial account with a third party administrator, the assets and liabilities are not presented in the City's financial statements as of June 30, 2012.

At June 30, 2012, assets totaling \$758,717 are held by Great West Life & Annuity Insurance Company, a deferred compensation center.

Compensation deferred under this plan for the fiscal year ended June 30, 2012, amounted to \$46,039.

**(13) Litigation -**

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City of Denham Springs.

**(14) Intergovernmental Revenue -**

GASB No. 24 requires government employers to disclose the amount recognized in the financial statements for on-behalf payments of salaries and fringe benefits.

Supplementary salary payments are made by the State of Louisiana directly to certain groups of the City's employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contribution made by the State. For the fiscal year ended June 30, 2012, the State paid supplemental salaries to the City's fire and law enforcement employees in the amount of \$359,883.

## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

**(15) Risk Management -**

The City is exposed to various risks of loss related to torts theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City maintains commercial insurance for all risks of loss, including (1) Worker's Compensation, (2) Public Official Bonds and Employees Liability, (3) Business Auto Liability, (4) Umbrella coverage, (5) Law Enforcement Professional Liability, (6) Fire and Extended coverage and (7) Flood Insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(16) Mayor and Council Members' Compensation -**

The following list includes the compensation paid to the Mayor and Council Members for the year ended June 30, 2012. The current terms of the Mayor and Council Members expire on December 31, 2014.

James E. Durbin, Mayor 417 Centerville Street Denham Springs, Louisiana 70726 Telephone: 665-8121 - Term Began: January 1, 2011	\$ 78,750
Lori Lamm-Williams, Council Member 717 Poplar Street Denham Springs, Louisiana 70726 Telephone: 665-4462 - Term Began: January 1, 2011	\$ 12,000
Arthur Perkins, Council Member 906 Hatchell Lane Denham Springs, Louisiana 70726 Telephone: 664-6730 - Term Began: January 1, 2011	\$ 12,000
John Wascom, Council Member 522 Centerville Street Denham Springs, Louisiana 70726 Telephone: 665-7037 - Term Began: January 1, 2011	\$ 12,000
Annie M. Fugler 510 Rushing Road, W. Denham Springs, Louisiana 70726 Telephone: 665-1461 - Term Began: January 1, 2011	\$ 12,000
Christopher Davis 717 Kennedy Street Denham Springs, Louisiana 70726 Telephone: 802-6273 - Term Began: January 1, 2011	\$ 12,000

**CITY OF DENHAM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

**(17) Schedule of Business-Type Activities Net Income (Loss) from Operations  
by Department for the Fiscal Year Ended June 30, 2012 -**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>	<u>Denham Springs Sewer District Number 1</u>
<b>Operating Revenues:</b>						
Charges for Services	\$ 3,490,902	\$ 2,702,150	\$ 2,323,095	\$ 776,381	\$ 9,292,528	\$ 630,376
Delinquent Charges	69,455	53,762	46,220	15,447	184,884	-
Miscellaneous	-	123,861	710	-	124,571	-
<b>Total Operating Revenues</b>	<b>3,560,357</b>	<b>2,879,773</b>	<b>2,370,025</b>	<b>791,828</b>	<b>9,601,983</b>	<b>630,376</b>
<b>Operating Expenses:</b>						
Direct	1,998,695	1,527,816	2,271,238	778,758	6,576,507	638,259
General and Administrative	569,310	534,619	473,272	106,233	1,683,434	95,385
<b>Total Operating Expenses</b>	<b>2,568,005</b>	<b>2,062,435</b>	<b>2,744,510</b>	<b>884,991</b>	<b>8,259,941</b>	<b>733,644</b>
<b>Operating Income (Loss) by Department</b>	<b>992,352</b>	<b>817,338</b>	<b>(374,485)</b>	<b>(93,163)</b>	<b>1,342,042</b>	<b>(103,268)</b>
Nonoperating Revenues	6,730	40,951	10,852	-	58,533	4,088
Nonoperating Expenses	-	(354,856)	(1,010,467)	-	(1,365,323)	(744,478)
Capital Contributions	-	-	247,462	-	247,462	33,877
Special Item	-	-	-	-	-	(192,363)
<b>Change in Net Assets</b>					<b>282,714</b>	<b>(1,002,144)</b>
<b>Business-Type Activities</b>						
Departmental Net Income (Loss)	<u>\$ 999,082</u>	<u>\$ 503,433</u>	<u>\$ (1,126,638)</u>	<u>\$ (93,163)</u>		
<b>Change in Net Assets</b>						
Business-Type Activities					<u>\$ 282,714</u>	<u>\$ (1,002,144)</u>

**CITY OF DENHAM SPRINGS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2012**

**(18) Schedule of Business-Type Activities Operating Expenses by Department  
for the Fiscal Year Ended June 30, 2012 -**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>	<u>Denham Springs Sewer District Number 1</u>
<b>Direct Expenses:</b>						
Natural Gas Purchases	\$ 917,280	\$ -	\$ -	\$ -	\$ 917,280	\$ -
Direct Labor	579,135	482,813	618,003	-	1,679,951	-
Chlorinator Expense	-	36,137	-	-	36,137	-
Depreciation	174,715	556,289	1,092,618	7,161	1,830,783	338,463
Utilities	6,064	112,872	254,591	-	373,527	58,964
Equipment Expenses	99,849	83,153	119,287	-	302,289	337
Equipment Rental	7,449	23,613	5,224	-	36,286	178
Lab Fees	-	2,300	37,389	-	39,689	9,297
Maintenance	102,423	114,709	240,844	-	457,976	126,224
Meter Reading	90,374	110,457	-	-	200,831	-
Meter Repairs	11,768	-	-	-	11,768	-
Overhead Allocation	-	-	(104,796)	-	(104,796)	104,796
Small Tools and Supplies	9,638	5,473	8,078	-	23,189	-
Subcontract Disposal Service	-	-	-	771,597	771,597	-
	<u>1,998,695</u>	<u>1,527,816</u>	<u>2,271,238</u>	<u>778,758</u>	<u>6,576,507</u>	<u>638,259</u>
<b>General and Administrative Expenses:</b>						
Office Salaries	109,461	136,491	98,311	61,466	405,729	27,438
Payroll Taxes, Retirement and Group Insurance	202,276	171,500	182,469	17,470	573,715	7,798
Utilities	12,472	2,802	1,803	1,127	18,204	503
Maintenance and Repairs	7,154	-	-	-	7,154	-
Insurance	104,767	66,695	55,260	3,825	230,547	12,616
Miscellaneous	49,487	27,548	49,783	7,801	134,619	14,977
Office Expense	39,585	28,432	26,170	3,287	97,474	1,715
Professional Fees	9,267	68,225	22,029	4,074	103,595	27,131
Telephone	22,507	17,546	26,370	257	66,680	115
Bad Debts	12,334	15,380	11,077	6,926	45,717	3,092
	<u>569,310</u>	<u>534,619</u>	<u>473,272</u>	<u>106,233</u>	<u>1,683,434</u>	<u>95,385</u>
<b>Total Operating Expenses</b>	<u><u>\$ 2,568,005</u></u>	<u><u>\$ 2,062,435</u></u>	<u><u>\$ 2,744,510</u></u>	<u><u>\$ 884,991</u></u>	<u><u>\$ 8,259,941</u></u>	<u><u>\$ 733,644</u></u>

**CITY OF DENHAM SPRINGS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

**(19) Schedule of Business-Type Activities Operating Expenses by  
Function for the Fiscal Year Ended June 30, 2012 -**

	Total Utility Enterprise Fund	Denham Springs Sewer District Number 1
<b>Personal Services and Benefits:</b>		
Direct Labor	\$ 1,679,951	\$ -
Office Salaries	405,729	27,438
Payroll Taxes, Retirement and Group Insurance	573,715	7,798
	<u>2,659,395</u>	<u>35,236</u>
<b>Contractual Services:</b>		
Chlorinator Expense	36,137	-
Equipment Rental	36,286	178
Lab Fees	39,689	9,297
Meter Reading	200,831	-
Subcontract Disposal Service	771,597	-
Professional Fees	103,595	27,131
	<u>1,188,135</u>	<u>36,606</u>
<b>Cost of Materials:</b>		
Natural Gas Purchases	917,280	-
<b>Utilities:</b>		
Utilities (Direct)	373,527	58,964
Utilities (General)	18,204	503
Telephone	66,680	115
	<u>458,411</u>	<u>59,582</u>
<b>Repair and Maintenance:</b>		
Equipment Expenses	302,289	337
Maintenance	457,976	126,224
Meter Repairs	11,768	-
Maintenance and Repairs	7,154	-
	<u>779,187</u>	<u>126,561</u>
<b>Supplies:</b>		
Small Tools and Supplies	23,189	-
Office Expense	97,474	1,715
Miscellaneous	134,619	14,977
	<u>255,282</u>	<u>16,692</u>
<b>Insurance</b>	230,547	12,616
<b>Depreciation</b>	1,830,783	338,463
<b>Overhead Allocation</b>	(104,796)	104,796
<b>Bad Debts</b>	45,717	3,092
<b>Total Operating Expenses</b>	<u>\$ 8,259,941</u>	<u>\$ 733,644</u>



## CITY OF DENHAM SPRINGS

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

#### (20) Cooperative Endeavor Agreement -

A cooperative endeavor agreement dated December 15, 2006 was made by and among Denham Springs Economic Development District (the "District"), Denham Springs Economic Development Corporation (the "Corporation"), City of Denham Springs, State of Louisiana (the "City"), Law Enforcement District of the Parish of Livingston, State of Louisiana (the "Law Enforcement District"), Livingston Parish School Board, both in its capacity as a Participating Tax Recipient Entity (the "School Board") and its capacity as the Tax Collector for Sales and Use Taxes in the District (the "Tax Collector"), Parish of Livingston, State of Louisiana (the "Parish"), Special Sales Tax District No. 1 of the Parish of Livingston, State of Louisiana (the "School District"), Gravity Drainage District No. 1 of the Parish of Livingston, State of Louisiana (the "Gravity Drainage District") and The State of Louisiana (the "State"), acting by and through the Louisiana Department of Revenue (the "Department").

Pursuant to this Cooperative Endeavor Agreement, the Participating Tax Recipient Entities and the State have pledged and dedicated and will irrevocably pledge and dedicate an amount of Annual Pledged Local Increment and Annual Pledged State Increment to pay the annual principal of, premium, if any, and interest on the Bonds. The District used a portion of the proceeds of the Bonds to purchase the Bass Pro Site, which then has been leased by the District to the Corporation. The District shall deposit a portion of the proceeds of the Bonds to the Project Fund held by the Paying Agent/Trustee to pay Project Costs. The Corporation will contract for and monitor construction of the Project and sublease the Bass Pro Site and Facilities to Bass Pro Denham Springs Development Company, LLC. The Corporation will mortgage its leasehold interest in the Bass Pro Site and Facilities in favor of the Paying Agent/Trustee for the benefit of bondholders.

In consideration of the mutual covenants contained, the parties covenant and agree to pledge and dedicate pursuant to the agreement their agreed upon percentages of the sales tax collected within the District as follows:

<u>Entity</u>	<u>Sales and Use Tax Percent</u>	<u>Percent of Sales Tax Pledged to District</u>
City of Denham Springs	1.50%	71.42857%
Livingston Parish		
Law Enforcement District	.50%	71.42857%
Livingston Parish		
School Board - General Fund	1.00%	100.00000%
Livingston Parish		
School Board - 2 <sup>nd</sup> Sales Tax	1.00%	0.00000%
Livingston Parish School Board - District #1	.50%	100.00000%

(CONTINUED)

# CITY OF DENHAM SPRINGS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

<u>Entity</u>	<u>Sales and Use Tax Percent</u>	<u>Percent of Sales Tax Pledged to District</u>
Livingston Parish Council	1.00%	71.42857%
Livingston Parish Gravity Drainage District #1	.50%	71.42857%
State of Louisiana	<u>4.00%</u>	50.00000%
	<u>10.00%</u>	

In addition, while each of the local entities pledge their sales tax revenues until the bonds are paid in full, the State of Louisiana pledged their participation for not more than 20 years from date of closing on the bonds and not to exceed \$1,500,000 per year. The bonds issued March 20, 2007 and May 27, 2008, each have a maturity schedule of 30 years. No participating local tax recipient entity shall be required to pledge or pay more than the annual pledged local increment attributable to it during any year of the term of the agreement. The term of this agreement shall be effective upon execution by all parties hereto and shall terminate upon the earlier of (i) payment in full by the District of all principal, interest, premium, if any, and other requirements of the bonds or (ii) the final maturity date of the Bonds, which date shall not be extended beyond that final maturity date initially set forth in the Indenture without the prior written consent of all Participating Tax Recipient Entities.

### (21) Subsequent Event -

On November 20, 2012, the City entered into a lease purchase agreement with First Security Finance, Inc. for the purchase of 13 vehicles at a cost of \$276,483 to replace an aging Utility Enterprise Fund vehicle fleet. The agreement is for five years and requires 10 semi-annual payments of \$29,624 with the first payment due on May 20, 2013.



## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECTS FUND**

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund excludes those type of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

Capital Projects Fund - This fund is used to account for the costs of major repairs and construction of City streets, for the costs of improving major drainage arteries throughout the City, and for the construction costs and/or major renovation costs to various City buildings.

### **DEBT SERVICE FUND**

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

1994 Paving Certificates Debt Service Fund - This fund was used to account for the collection of a special assessment on the property owners of the Lakeland Acres Subdivision. The proceeds of such collections to be used to make annual payments on the 1994 Paving Certificates of Indebtedness incurred for the benefit of the property owners of the Lakeland Acres Subdivision. The special assessment debt has been paid and at June 30, 2012, only the balance of excess cash remains in the fund.

### **PERMANENT FUND**

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs – that is, for the benefit of the City or its citizenry.

Cemetery Care Permanent Fund - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the City's cemetery.

### **SPECIAL REVENUE FUND**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt services or capital projects.

Witness Fee Fund - This fund is used to account for the cost of court appearances by police officers at the City Court of Denham Springs - Ward II to provide testimony.

**CITY OF DENHAM SPRINGS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2012

	Capital Projects Fund	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee - Special Revenue Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 46,627	\$ 3,268	\$ 775,852	\$ 99,529	\$ 925,276
Receivables (Net of Allowance for Uncollectibles):					
Other	7,608	-	-	75	7,683
Due from Other Funds	44,845	-	-	-	44,845
Due from Other Governments	61,603	-	-	-	61,603
Total Assets	<u>\$ 160,683</u>	<u>\$ 3,268</u>	<u>\$ 775,852</u>	<u>\$ 99,604</u>	<u>\$ 1,039,407</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts Payable	\$ 12,227	\$ -	\$ -	\$ 800	\$ 13,027
Total Liabilities	12,227	-	-	800	13,027
Fund Balances:					
Nonspendable:					
Permanent Fund Principal	-	-	775,852	-	775,852
Restricted For:					
Witness Fees	-	-	-	98,804	98,804
Other Purposes	-	3,268	-	-	3,268
Assigned To:					
Capital Projects	148,456	-	-	-	148,456
Total Fund Balances	<u>148,456</u>	<u>3,268</u>	<u>775,852</u>	<u>98,804</u>	<u>1,026,380</u>
Total Liabilities and Fund Balances	<u>\$ 160,683</u>	<u>\$ 3,268</u>	<u>\$ 775,852</u>	<u>\$ 99,604</u>	<u>\$ 1,039,407</u>

The accompanying notes constitute an integral part of this statement.

## CITY OF DENHAM SPRINGS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2012

	Capital Projects Fund	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Witness Fee - Special Revenue Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Intergovernmental:					
Federal Grants	\$ 405,827	\$ -	\$ -	\$ -	\$ 405,827
Fees	-	-	-	26,181	26,181
Interest	9	1	2,722	211	2,943
Miscellaneous	93,165	-	22,400	-	115,565
<b>Total Revenues</b>	<b>499,001</b>	<b>1</b>	<b>25,122</b>	<b>26,392</b>	<b>550,516</b>
<b>Expenditures:</b>					
Current:					
General Government	-	-	1,290	11,648	12,938
Capital Outlay:					
Highways and Streets	523,278	-	-	-	523,278
Culture and Recreation	175,213	-	-	-	175,213
<b>Total Expenditures</b>	<b>698,491</b>	<b>-</b>	<b>1,290</b>	<b>11,648</b>	<b>711,429</b>
<b>Excess (Deficiency) of Revenues     over (under) Expenditures</b>	<b>(199,490)</b>	<b>1</b>	<b>23,832</b>	<b>14,744</b>	<b>(160,913)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	235,333	-	-	-	235,333
Transfers Out	(20)	-	-	-	(20)
<b>Total Other Financing Sources (Uses)</b>	<b>235,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>235,313</b>
<b>Net Change in Fund Balances</b>	<b>35,823</b>	<b>1</b>	<b>23,832</b>	<b>14,744</b>	<b>74,400</b>
<b>Fund Balances at Beginning of Year</b>	<b>112,633</b>	<b>3,267</b>	<b>752,020</b>	<b>84,060</b>	<b>951,980</b>
<b>Fund Balances at End of Year</b>	<b>\$ 148,456</b>	<b>\$ 3,268</b>	<b>\$ 775,852</b>	<b>\$ 98,804</b>	<b>\$ 1,026,380</b>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS  
CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest	\$ -	\$ 5	\$ 9	\$ 4
Intergovernmental:				
Federal Grants	3,784,000	397,907	405,827	7,920
Miscellaneous	-	74,165	93,165	19,000
Total Revenues	3,784,000	472,077	499,001	26,924
<b>Expenditures:</b>				
Construction Costs and Related Expenditures	3,932,543	697,048	698,491	(1,443)
Total Expenditures	3,932,543	697,048	698,491	(1,443)
Excess (Deficiency) of Revenues Over Expenditures	(148,543)	(224,971)	(199,490)	25,481
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	235,333	235,333	-
Transfers Out	-	-	(20)	(20)
Total Other Financing Sources (Uses)	-	235,333	235,313	(20)
Net Change in Fund Balance	(148,543)	10,362	35,823	25,461
Fund Balance at Beginning of Year	112,633	112,633	112,633	-
Fund Balance at End of Year	<u>\$ (35,910)</u>	<u>\$ 122,995</u>	<u>\$ 148,456</u>	<u>\$ 25,461</u>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS  
WITNESS FEE FUND -  
SPECIAL REVENUE FUND**

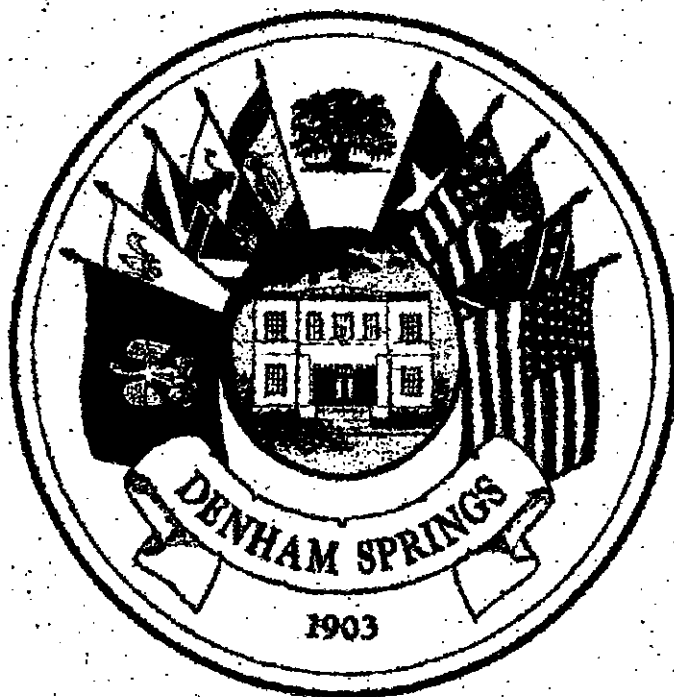
**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fees	\$ 25,600	\$ 27,040	\$ 26,181	\$ (859)
Interest	200	208	211	3
Total Revenues	25,800	27,248	26,392	(856)
<b>Expenditures:</b>				
General Government	25,800	13,673	11,648	2,025
Total Expenditures	25,800	13,673	11,648	2,025
Net Change in Fund Balance	-	13,575	14,744	1,169
<b>Fund Balance at Beginning of Year</b>	84,060	84,060	84,060	-
<b>Fund Balance at End of Year</b>	<u>\$ 84,060</u>	<u>\$ 97,635</u>	<u>\$ 98,804</u>	<u>\$ 1,169</u>

The accompanying notes constitute an integral part of this statement.





## CITY OF DENHAM SPRINGS

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS<sup>1</sup>**  
**SCHEDULE BY SOURCE**

JUNE 30, 2012

**Governmental Funds Capital Assets:**

Land and Right-of-Ways	\$ 1,224,774
Land Improvements	38,565
Buildings	5,142,825
Equipment	6,511,412
Infrastructure	5,402,722
Construction in Progress	25,867
	<hr/>
Total Capital Assets	<b>\$ 18,346,165</b>

**Investments in Governmental Funds Capital Assets by Source:**

General Fund Revenues	\$ 7,211,395
Federal Revenues and Federal Grants	877,723
Donated Infrastructure	620,558
Capital Improvement Funds:	
City's Share of Cost:	
General Fund	6,303,936
Federal Revenue Sharing	201,482
Federal Grants	1,020,404
State Grants	2,110,667
	<hr/>
Total Investment in Capital Assets	<b>\$ 18,346,165</b>

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY<sup>1</sup>**

JUNE 30, 2012

	<u>Land and Right- of-Ways</u>	<u>Improvements Other Than Buildings</u>	<u>Buildings</u>
<b>Function and Activity:</b>			
General Government:			
General Government Buildings	\$ 415,439	\$ 13,950	\$ 1,682,135
Administration	593,355	-	-
Cemetery	2,000	11,002	10,313
Tax	-	-	-
Planning and Development	-	-	-
Public Service Workers	-	-	10,647
Total General Government	<u>1,010,794</u>	<u>24,952</u>	<u>1,703,095</u>
Public Safety:			
Animal Control	1,500	4,660	84,133
Fire	8,250	-	548,842
Police	201,482	8,953	1,475,445
Litter Control	-	-	-
Total Public Safety	<u>211,232</u>	<u>13,613</u>	<u>2,108,420</u>
Highways and Streets:			
Streets	2,748	-	10,329
Health:			
Council on Aging	-	-	370,890
Culture and Recreation:			
Tourism	-	-	950,091
Parks	-	-	-
Total Culture and Recreation	<u>-</u>	<u>-</u>	<u>950,091</u>
Total Governmental Funds Capital Assets Allocated to Functions	<u>\$ 1,224,774</u>	<u>\$ 38,565</u>	<u>\$ 5,142,825</u>

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
\$ -	\$ -	\$ 2,111,524
411,836	-	1,005,191
33,222	-	56,537
5,743	-	5,743
37,847	-	37,847
-	-	10,647
488,648	-	3,227,489
82,006	-	172,299
2,390,966	-	2,948,058
2,184,742	-	3,870,622
24,330	-	24,330
4,682,044	-	7,015,309
1,333,753	4,876,196	6,223,026
-	-	370,890
-	168,253	1,118,344
6,967	358,273	365,240
6,967	526,526	1,483,584
<u>\$ 6,511,412</u>	<u>\$ 5,402,722</u>	18,320,298
Construction in Progress		25,867
		<u>\$ 18,346,165</u>

## CITY OF DENHAM SPRINGS

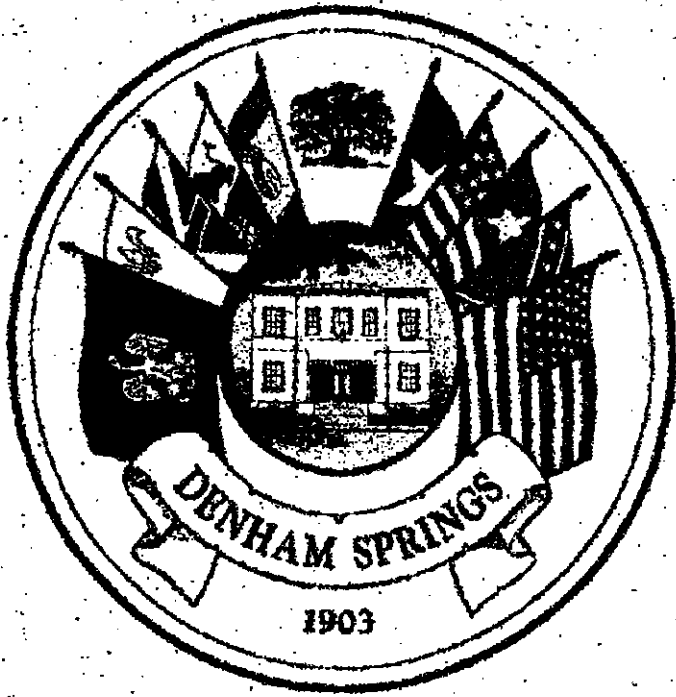
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY<sup>1</sup>**

FOR THE YEAR ENDED JUNE 30, 2012

Function and Activity:	Governmental Funds Capital Assets 6/30/11	Transfers	Additions	Deductions	Governmental Funds Capital Assets 6/30/12
<b>General Government:</b>					
General Government Buildings	\$ 2,049,819	\$ -	\$ 61,705	\$ -	\$ 2,111,524
Administration	1,002,687	-	2,504	-	1,005,191
Cemetery	56,537	-	-	-	56,537
Tax	3,307	-	2,436	-	5,743
Planning and Development	37,847	-	-	-	37,847
Public Service Workers	10,647	-	-	-	10,647
<b>Total General Government</b>	<b>3,160,844</b>	<b>-</b>	<b>66,645</b>	<b>-</b>	<b>3,227,489</b>
<b>Public Safety:</b>					
Animal Control	169,458	24,509	673	22,341	172,299
Fire	2,940,670	-	7,388	-	2,948,058
Police	3,735,825	(24,509)	203,863	44,557	3,870,622
Litter Control	24,330	-	-	-	24,330
<b>Total Public Safety</b>	<b>6,870,283</b>	<b>-</b>	<b>211,924</b>	<b>66,898</b>	<b>7,015,309</b>
<b>Highways and Streets:</b>					
Streets	5,742,333	484,735	2,748	6,790	6,223,026
<b>Health:</b>					
Council on Aging	370,890	-	-	-	370,890
<b>Culture and Recreation:</b>					
Tourism	1,043,498	74,846	-	-	1,118,344
Parks	278,855	86,385	-	-	365,240
<b>Total Culture and Recreation</b>	<b>1,322,353</b>	<b>161,231</b>	<b>-</b>	<b>-</b>	<b>1,483,584</b>
<b>Construction in Progress</b>	<b>52,771</b>	<b>(645,966)</b>	<b>619,062</b>	<b>-</b>	<b>25,867</b>
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 17,519,474</b>	<b>\$ -</b>	<b>\$ 900,379</b>	<b>\$ 73,688</b>	<b>\$ 18,346,165</b>

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund are excluded from the above amounts. The capital assets of the internal service fund are included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.



**SUPPLEMENTARY SCHEDULE**

## CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE

JUNE 30, 2012

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
CNA Surety	Public Official Bonds		
	Mayor; James Durbin	\$ 50,000	1/01/13
	Council Members:		
	Arthur Perkins	\$ 10,000	1/12/13
	Christopher Davis	\$ 10,000	1/01/13
	Ann M. Fugler	\$ 10,000	1/01/13
	John B. Wascom	\$ 10,000	1/01/13
	Lori Lamm-Williams	\$ 10,000	1/01/13
	Public Employees Blanket Bond:		
	City Treasurer:		
	Clarence Speed	\$ 50,000	12/11/12
	City Clerk:		
	Joan LeBlanc	\$ 50,000	2/06/13
Hanover Insurance Company	Property and Casualty Coverage -		
	90% Co-Insurance:		
	Municipal Building	\$ 1,625,000	
	Contents	\$ 474,000	
	Boiler and Machinery	\$ 1,175,000	7/01/12
	<u>941 Government Street</u>		
	Steel Water Tank and Tower	\$ 258,000	7/01/12
	<u>110 Brignac Street</u>		
	Council on Aging Buildings	\$ 835,000	7/01/12
	<u>949 Government Street</u>		
	Fire Station Building	\$ 265,000	
	Contents	\$ 11,000	7/01/12
	<u>1100 Hatchell Lane</u>		

(CONTINUED)



**CITY OF DENHAM SPRINGS**

**SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)**

JUNE 30, 2012

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Hanover Insurance Company	Fire Station/Water Dept		
	Office Building	\$ 630,000	
	Contents	\$ 15,000	7/01/12
	<u>27135 La. Hwy. 16</u>		
	Police Station and Jail Facility	\$1,420,000	
	Contents	\$ 155,000	7/01/12
	<u>447 Lamm Street</u>		
	Fire Station Building	\$ 358,000	
	Contents	\$ 13,000	7/01/12
	<u>930 Government Street</u>		
	Sewer Building	\$ 73,660	
	Contents	\$ 15,000	7/01/12
	<u>9150 Forest Delatte Road</u>		
	Street Dept. Maintenance		
	Building	\$ 50,000	
	Contents	\$ 2,000	7/01/12
	<u>600-A Bowman St.</u>		
	Street Dept. Old Office		
	Building	\$ 50,000	
	Contents	\$ 2,000	7/01/12
	<u>600-B Bowman St.</u>		
	Animal Control Buildings	\$ 59,000	
	Contents	\$ 2,000	7/01/12
	<u>600-C Bowman Street</u>		
	Street Dept. Maintenance		
	Equipment Building	\$ 41,930	7/01/12
	<u>600-D Bowman St.</u>		

(CONTINUED)

**CITY OF DENHAM SPRINGS**

**SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)**

JUNE 30, 2012

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
Hanover Insurance Company	Street Dept. New Office		
	Building	\$ 59,212	7/01/12
	Contents	\$ 10,000	
	<u>600-E Bowman St.</u>		
	Youth Services		
	Office Building	\$ 290,000	7/01/12
	<u>940 Government Street</u>		
	Utility Warehouse Building	\$ 93,000	
	Contents	\$ 31,000	7/01/12
	<u>112 Brignac Street</u>		
Motor Pool and Warehouse			
Building	\$ 265,000		
Contents	\$ 77,000	7/01/12	
<u>401 N. Railroad Ave.</u>			
Arts Council/Red Cross			
Building	\$ 160,000	7/01/12	
<u>133 Hummel St.</u>			
Pine Street Pump			
Station Building	\$ 13,000	7/01/12	
<u>2635 Pine St.</u>			
Steel Water Tank and Tower	\$ 566,000	7/01/12	
<u>9150 Pete's Highway</u>			
Old City Hall Building	\$ 679,566		
Contents	\$ 20,000	7/01/12	
<u>115 Mattie St.</u>			
Steel Water Tank and Tower	\$ 1,982,700	7/01/12	
<u>23322 Springhill Drive</u>			

(CONTINUED)

**CITY OF DENHAM SPRINGS**

**SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)**

JUNE 30, 2012

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
America First Insurance Company	Sewer Treatment Plant Scheduled Buildings Scheduled Equipment <u>9300 Forest Delatte Road</u>	\$ 136,005 \$ 4,023,381	7/01/12 7/01/12
Louisiana Workers' Compensation Corporation	Workmen's Compensation Statutory		7/01/12
Risk Management	General Liability Law Enforcement Professional Liability	\$ 500,000 \$ 500,000	7/01/12 7/01/12
Risk Management	Public Officials and Employees Liability Errors and Omissions	\$ 500,000	7/01/12
Risk Management	Business Auto Liability	\$ 500,000	7/01/12
Essex Insurance	Vehicle Physical Damage - Except Fire	Actual Cash Value	7/01/12
VFIS, Inc.	Vehicle Physical Damage - Fire	Actual Cash Value	7/01/12
National Flood Services	Flood Insurance:  Fire Station Building Contents <u>930 Government Street</u>  Youth Services Office Building Contents <u>940 Government Street</u>  Municipal Building Contents <u>941 Government Street</u>	  \$ 30,800 \$ 21,000  \$ 60,500 \$ 21,000  \$ 260,200 \$ 44,100	  7/01/12  7/01/12  7/01/12

(CONTINUED)

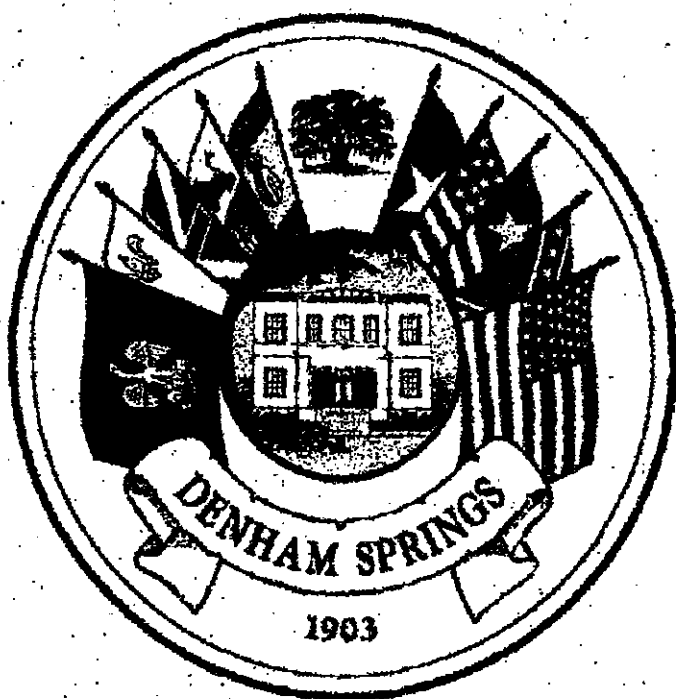
**CITY OF DENHAM SPRINGS**

**SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)**

JUNE 30, 2012

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
National Flood Services	Council on Aging Building	\$ 66,000	
	Contents	\$ 42,000	7/01/12
	<u>949 Government Street</u>		
	Fire Station Building	\$ 30,800	
	Contents	\$ 21,000	7/01/12
	<u>1100 Hatchell Lane</u>		
	Police Station and		
	Jail Facility	\$ 275,000	
	Contents	\$ 21,000	7/01/12
	<u>447 Lamm Street</u>		
	Animal Control Center		
	Building	\$ 17,600	7/01/12
	<u>600-C Bowman Street</u>		

See auditor's report.



## STATISTICAL SECTION

This part of the City of Denham Springs' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	112

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	122
------------------	-----

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity	129
---------------	-----

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	137
--------------------------------------	-----

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	140
-----------------------	-----

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# CITY OF DENHAM SPRINGS

## NET ASSETS BY COMPONENTS

Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental Activities:</b>				
Invested in Capital Assets -				
Net of Related Debt	\$ 6,941,960	\$ 6,779,590	\$ 6,490,262	\$ 6,228,263
Restricted	499,056	511,938	584,208	609,473
Unrestricted	<u>2,572,627</u>	<u>2,482,491</u>	<u>2,833,417</u>	<u>4,283,337</u>
<b>Total Governmental Activities -</b>				
Net Assets	<u>\$ 10,013,643</u>	<u>\$ 9,774,019</u>	<u>\$ 9,907,887</u>	<u>\$ 11,121,073</u>
<b>Business-Type Activities:</b>				
Invested in Capital Assets -				
Net of Related Debt	\$ 7,090,127	\$ 15,204,106	\$ 15,123,675	\$ 15,086,106
Restricted	-	-	-	-
Unrestricted (Deficit)	<u>9,356,563</u>	<u>502,195</u>	<u>46,759</u>	<u>329,607</u>
<b>Total Business-Type Activities -</b>				
Net Assets	<u>\$ 16,446,690</u>	<u>\$ 15,706,301</u>	<u>\$ 15,170,434</u>	<u>\$ 15,415,713</u>
<b>Primary Government:</b>				
Invested in Capital Assets -				
Net of Related Debt	\$ 14,032,087	\$ 21,983,696	\$ 21,613,937	\$ 21,314,369
Restricted	499,056	511,938	584,208	609,473
Unrestricted (Deficit)	<u>11,929,190</u>	<u>2,984,686</u>	<u>2,880,176</u>	<u>4,612,944</u>
<b>Total Primary Government -</b>				
Net Assets	<u>\$ 26,460,333</u>	<u>\$ 25,480,320</u>	<u>\$ 25,078,321</u>	<u>\$ 26,536,786</u>

The City of Denham Springs adopted the provisions of GASB 34 beginning July 1, 2001.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 6,191,695	\$ 8,417,766	\$ 8,531,386	\$ 8,505,809	\$ 8,303,719	\$ 8,471,515
653,851	710,734	746,414	796,122	839,347	877,924
4,922,837	2,873,200	3,204,835	2,886,737	2,328,944	1,855,098
<u>\$ 11,768,383</u>	<u>\$ 12,001,700</u>	<u>\$ 12,482,635</u>	<u>\$ 12,188,668</u>	<u>\$ 11,472,010</u>	<u>\$ 11,204,537</u>
\$ 15,593,805	\$ 19,700,130	\$ 19,710,756	\$ 15,000,218	\$ 17,939,388	\$ 16,891,492
-	-	-	-	3,993	4,045
291,250	(3,642,691)	(1,460,181)	326,220	(755,714)	(427,300)
<u>\$ 15,885,055</u>	<u>\$ 16,057,439</u>	<u>\$ 18,250,575</u>	<u>\$ 15,326,438</u>	<u>\$ 17,187,667</u>	<u>\$ 16,468,237</u>
\$ 21,785,500	\$ 28,117,896	\$ 28,242,142	\$ 23,506,027	\$ 26,243,107	\$ 25,363,007
653,851	710,734	746,414	796,122	843,340	881,969
5,214,087	(769,491)	1,744,654	3,212,957	1,573,230	1,427,798
<u>\$ 27,653,438</u>	<u>\$ 28,059,139</u>	<u>\$ 30,733,210</u>	<u>\$ 27,515,106</u>	<u>\$ 28,659,677</u>	<u>\$ 27,672,774</u>



**CITY OF DENHAM SPRINGS**

**CHANGE IN NET ASSETS**

**Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
General Government	\$ 1,703,420	\$ 1,724,664	\$ 1,633,653	\$ 1,665,220
Public Safety	4,025,923	4,697,707	4,647,126	5,132,885
Highways and Streets	1,415,359	1,087,286	1,605,126	1,479,561
Health	27,768	47,841	79,185	83,613
Culture and Recreation	32,891	28,786	16,129	6,364
Interest on Long-Term Indebtedness	773	4,941	4,831	3,591
<b>Total Governmental Activities Expenses</b>	<b>7,206,134</b>	<b>7,591,225</b>	<b>7,986,050</b>	<b>8,371,234</b>
Business-Type Activities:				
Gas	2,574,406	2,900,226	3,115,223	4,094,315
Water	979,032	1,111,721	1,135,918	1,227,451
Sewer	1,919,226	1,453,480	1,457,006	1,421,191
Sanitation	599,626	603,848	643,577	690,826
<b>Total Business-Type Activities</b>	<b>6,072,290</b>	<b>6,069,275</b>	<b>6,351,724</b>	<b>7,433,783</b>
<b>Total Primary Government Expenses</b>	<b>\$ 13,278,424</b>	<b>\$ 13,660,500</b>	<b>\$ 14,337,774</b>	<b>\$ 15,805,017</b>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Public Safety	\$ 585,517	\$ 437,093	\$ 535,046	\$ 582,442
Highways and Streets	13,364	13,364	13,364	13,364
Culture and Recreation	-	-	-	-
Operating Grants and Contributions	327,247	303,567	301,763	794,018
Capital Grants and Contributions	155,665	389	295,044	103,925
<b>Total Governmental Activities Program Revenues</b>	<b>1,081,793</b>	<b>754,413</b>	<b>1,145,217</b>	<b>1,493,749</b>
Business-Type Activities:				
Charges for Services:				
Natural Gas	2,569,226	2,892,008	3,131,850	4,312,500
Water	1,060,128	1,089,420	1,192,263	1,292,098
Sewer	543,253	573,976	726,960	741,939
Sanitation	538,834	560,835	583,231	594,368
Operating Grants and Contributions	-	-	-	183,981
Capital Grants and Contributions	45,666	179,507	32,105	83,576
<b>Total Business-Type Activities Program Revenues</b>	<b>4,757,107</b>	<b>5,295,746</b>	<b>5,666,409</b>	<b>7,208,462</b>
<b>Total Primary Government Programs Revenues</b>	<b>\$ 5,838,900</b>	<b>\$ 6,050,159</b>	<b>\$ 6,811,626</b>	<b>\$ 8,702,211</b>
<b>Net Expense/Revenue</b>				
Governmental Activities	\$ (6,124,341)	\$ (6,836,812)	\$ (6,840,833)	\$ (6,877,485)
Business-Type Activities	(1,315,183)	(773,529)	(685,315)	(225,321)
<b>Total Primary Government Net Expense</b>	<b>\$ (7,439,524)</b>	<b>\$ (7,610,341)</b>	<b>\$ (7,526,148)</b>	<b>\$ (7,102,806)</b>

(CONTINUED)

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 1,771,741	\$ 2,247,954	\$ 2,001,415	\$ 2,067,324	\$ 2,049,444	\$ 2,076,944
5,318,674	6,498,239	6,501,384	6,559,364	6,818,702	6,930,110
3,692,535	5,227,848	5,665,185	1,765,577	2,406,333	1,927,226
86,423	89,043	87,189	78,210	82,048	52,623
5,848	8,097	47,985	95,680	94,656	134,582
5,518	9,364	64,051	38,190	27,237	18,977
10,880,739	14,080,545	14,367,209	10,604,345	11,478,420	11,140,462
3,508,527	3,933,171	3,645,980	3,492,599	3,260,737	2,568,005
1,292,457	1,882,160	1,600,633	2,173,325	2,384,053	2,417,291
1,475,803	1,830,952	1,986,382	3,636,328	3,839,131	5,233,099
746,293	796,411	837,536	848,089	881,472	884,991
7,023,080	8,442,694	8,070,531	10,150,341	10,365,393	11,103,386
\$ 17,903,819	\$ 22,523,239	\$ 22,437,740	\$ 20,754,686	\$ 21,843,813	\$ 22,243,848
\$ 528,019	\$ 650,153	\$ 619,044	\$ 817,367	\$ 721,118	\$ 663,914
13,364	14,660	14,510	14,510	14,510	12,850
-	-	-	-	-	-
306,493	344,400	4,394,359	447,024	853,316	518,005
2,141,638	3,532,821	139,634	203,621	276,453	563,364
2,989,514	4,542,034	5,167,547	1,482,522	1,865,397	1,758,133
3,666,729	4,195,400	4,391,189	4,320,370	3,854,570	3,560,357
1,568,829	1,946,603	2,261,158	2,240,377	2,332,431	2,879,773
1,034,775	1,536,795	2,537,311	2,458,704	2,424,324	3,000,401
618,554	677,995	733,631	729,993	751,127	791,828
-	-	143,268	-	-	30,750
208,735	194,133	151,022	57,988	2,761,000	281,339
7,097,622	8,550,926	10,217,579	9,807,432	12,123,452	10,544,448
\$ 10,087,136	\$ 13,092,960	\$ 15,385,126	\$ 11,289,954	\$ 13,988,849	\$ 12,302,581
\$ (7,891,225)	\$ (9,538,511)	\$ (9,199,662)	\$ (9,121,823)	\$ (9,613,023)	\$ (9,382,329)
74,542	108,232	2,147,048	(342,909)	1,758,059	(558,938)
\$ (7,816,683)	\$ (9,430,279)	\$ (7,052,614)	\$ (9,464,732)	\$ (7,854,964)	\$ (9,941,267)

**CITY OF DENHAM SPRINGS**

**CHANGE IN NET ASSETS - CONTINUED**

Last Ten Fiscal Years  
(Accrual Basis of Accounting)

General Revenues and Other Changes in Net Assets	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental Activities:</b>				
Taxes:				
Property	\$ 163,898	\$ 169,727	\$ 185,288	\$ 184,153
Sales	4,316,289	4,837,302	5,121,821	6,271,458
Occupational and permits	681,773	718,200	775,811	824,833
Franchise	600,028	663,061	659,478	831,587
Miscellaneous	122,602	169,313	192,417	217,156
Interest Income	49,432	37,059	47,348	91,202
Transfer from Component Unit	-	-	42,538	-
Transfers	-	-	(50,000)	(329,718)
Gain on Sale of Asset	6,163	2526	-	-
Increase in Infrastructure Due to Annexation	68,016	-	-	-
<b>Total Governmental Activities</b>	<b>6,008,201</b>	<b>6,597,188</b>	<b>6,974,701</b>	<b>8,090,671</b>
<b>Business-Type Activities:</b>				
Miscellaneous	38,558	17,399	70,547	81,479
Interest Income	49,960	15,741	28,901	59,403
Transfers	-	-	50,000	329,718
Special Item	-	-	-	-
<b>Total Business-Type Activities</b>	<b>88,518</b>	<b>33,140</b>	<b>149,448</b>	<b>470,600</b>
<b>Total Primary Government</b>	<b>\$ 6,096,719</b>	<b>\$ 6,630,328</b>	<b>\$ 7,124,149</b>	<b>\$ 8,561,271</b>
<b>Change in Net Assets</b>				
Governmental Activities	\$ (116,140)	\$ (239,624)	\$ 133,868	\$ 1,213,186
Business-Type Activities	(1,226,665)	(740,389)	(535,867)	245,279
<b>Total Primary Government</b>	<b>\$ (1,342,805)</b>	<b>\$ (980,013)</b>	<b>\$ (401,999)</b>	<b>\$ 1,458,465</b>

Schedule 3  
(Continued)

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 181,812	\$ 187,707	\$ 205,201	\$ 206,395	\$ 215,189	\$ 210,351
6,557,726	6,856,653	6,921,858	6,310,540	6,343,589	6,627,015
917,389	984,586	981,531	983,098	959,812	996,867
798,040	860,134	870,836	764,639	797,798	736,292
187,406	756,132	672,517	551,082	571,449	538,527
200,730	126,616	28,654	12,102	8,527	5,804
-	-	-	-	-	-
(304,568)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,538,535	9,771,828	9,680,597	8,827,856	8,896,364	9,114,856
31,914	9,544	15,980	57,330	91,277	20,539
58,318	54,608	30,108	14,149	11,893	11,332
304,568	-	-	-	-	-
-	-	-	(2,652,707)	-	(192,363)
394,800	64,152	46,088	(2,581,228)	103,170	(160,492)
<u>\$ 8,933,335</u>	<u>\$ 9,835,980</u>	<u>\$ 9,726,685</u>	<u>\$ 6,246,628</u>	<u>\$ 8,999,534</u>	<u>\$ 8,954,364</u>
\$ 647,310	\$ 233,317	\$ 480,935	\$ (293,967)	\$ (716,659)	\$ (267,473)
469,342	172,384	2,193,136	(2,924,137)	1,861,229	(719,430)
<u>\$ 1,116,652</u>	<u>\$ 405,701</u>	<u>\$ 2,674,071</u>	<u>\$ (3,218,104)</u>	<u>\$ 1,144,570</u>	<u>\$ (986,903)</u>

**CITY OF DENHAM SPRINGS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>General Fund</b>				
<b>Nonspendable:</b>				
Prepaid Insurance	\$ -	\$ -	\$ -	\$ -
Unassigned	<u>2,144,650</u>	<u>1,976,136</u>	<u>2,522,300</u>	<u>3,983,508</u>
<b>Total General Fund</b>	<u><u>\$ 2,144,650</u></u>	<u><u>\$ 1,976,136</u></u>	<u><u>\$ 2,522,300</u></u>	<u><u>\$ 3,983,508</u></u>
 <b>All Other Governmental Funds</b>				
<b>Nonspendable:</b>				
Permanent Fund Principal	\$ 496,392	\$ 508,826	\$ 536,679	\$ 557,781
<b>Restricted For:</b>				
Witness Fees	-	-	44,415	48,544
Other Purposes	2,664	3,112	3,114	3,148
<b>Assigned To:</b>				
Capital Projects	<u>678,527</u>	<u>769,330</u>	<u>553,876</u>	<u>503,665</u>
<b>Total All Other Governmental Funds</b>	<u><u>\$ 1,177,583</u></u>	<u><u>\$ 1,281,268</u></u>	<u><u>\$ 1,138,084</u></u>	<u><u>\$ 1,113,138</u></u>

The City of Denham Springs adopted the provisions of GASB 54 beginning July 1, 2010, and applied those provisions retrospectively to each fiscal year that is presented.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ -	\$ -	\$ -	\$ -	\$ 125,342	\$ 172,462
4,830,519	2,828,039	3,466,081	3,218,813	2,617,281	2,107,487
<u>\$ 4,830,519</u>	<u>\$ 2,828,039</u>	<u>\$ 3,466,081</u>	<u>\$ 3,218,813</u>	<u>\$ 2,742,623</u>	<u>\$ 2,279,949</u>
\$ 599,029	\$ 650,680	\$ 677,899	\$ 717,816	\$ 752,020	\$ 775,852
51,581	56,799	65,252	76,040	84,060	98,804
3,241	3,255	3,263	3,266	3,267	3,268
369,306	337,678	93,904	117,626	112,633	148,456
<u>\$ 1,023,157</u>	<u>\$ 1,048,412</u>	<u>\$ 840,318</u>	<u>\$ 914,748</u>	<u>\$ 951,980</u>	<u>\$ 1,026,380</u>

**CITY OF DENHAM SPRINGS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues:</b>				
Taxes	\$ 5,118,463	\$ 5,711,381	\$ 6,006,744	\$ 7,328,233
Licenses and Permits	681,773	718,200	775,811	824,833
Fines and Forfeits	268,883	308,716	401,421	431,280
Interest	48,775	36,305	46,198	90,170
Fees	227,467	30,237	136,931	150,263
Intergovernmental	352,169	330,805	626,452	933,814
Special Assessments	2,894	389	-	-
Miscellaneous	314,599	212,076	132,673	151,228
<b>Total Revenues</b>	<b>7,015,023</b>	<b>7,348,109</b>	<b>8,126,230</b>	<b>9,909,821</b>
<b>Expenditures:</b>				
Current:				
General Government	1,685,298	1,678,063	1,553,124	1,592,712
Public Safety	3,863,753	4,449,788	4,493,449	5,123,758
Highways and Streets	1,087,427	1,116,727	1,067,247	1,134,207
Health	27,768	47,841	79,185	83,613
Culture and Recreation	32,891	28,786	16,129	6,364
Capital Outlay				
General Government	-	-	-	-
Public Safety	203,158	113,258	-	-
Highways and Streets	620,525	123,627	468,423	164,956
Culture and Recreation	-	-	-	-
Debt Service:				
Principal Retirement	13,321	26,918	33,400	34,640
Interest	773	4,941	4,831	3,591
<b>Total Expenditures</b>	<b>7,534,914</b>	<b>7,589,949</b>	<b>7,715,788</b>	<b>8,143,841</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(519,891)</b>	<b>(241,840)</b>	<b>410,442</b>	<b>1,765,980</b>
<b>Other Financing Sources (Uses)</b>				
Capital Leases	-	174,485	-	-
Proceeds From Sale of Fixed Assets	6,163	2,526	-	-
Transfers In	551,755	320,000	42,538	-
Transfers Out	(551,755)	(320,000)	(50,000)	(329,718)
<b>Total Other Financing Sources (Uses)</b>	<b>6,163</b>	<b>177,011</b>	<b>(7,462)</b>	<b>(329,718)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (513,728)</b>	<b>\$ (64,829)</b>	<b>\$ 402,980</b>	<b>\$ 1,436,262</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.21%</b>	<b>0.45%</b>	<b>0.51%</b>	<b>0.48%</b>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 7,579,393	\$ 7,978,838	\$ 8,381,213	\$ 7,648,359	\$ 7,705,488	\$ 7,913,056
917,389	984,586	981,531	983,098	959,812	996,867
372,193	442,529	474,065	757,852	658,025	606,737
197,281	125,589	27,825	11,934	8,408	5,715
154,168	160,969	145,556	55,275	57,549	50,744
2,480,463	3,909,975	4,565,078	680,638	1,072,271	1,008,583
-	-	-	-	-	-
128,189	710,349	270,351	173,054	300,089	291,198
11,829,076	14,312,835	14,845,619	10,310,210	10,761,642	10,872,900
1,776,712	2,891,831	1,943,669	1,965,060	1,952,557	2,039,948
5,424,584	6,899,834	7,148,230	6,444,582	6,450,485	6,626,668
1,227,004	1,649,499	5,409,480	1,557,264	1,537,640	1,614,129
86,423	89,043	87,189	78,210	82,048	52,623
5,848	11,510	29,992	70,903	73,787	86,196
45,750	653,753	278,400	17,000	-	-
-	-	-	-	-	-
2,239,966	4,113,006	173,038	80,115	628,305	523,278
-	-	-	-	235,807	175,213
61,841	97,646	273,800	228,731	209,594	220,214
5,518	9,364	51,164	41,183	30,378	22,405
10,873,646	16,415,486	15,394,962	10,483,048	11,200,601	11,360,674
955,430	(2,102,651)	(549,343)	(172,838)	(438,959)	(487,774)
106,168	125,426	979,291	-	-	99,500
-	-	-	-	-	-
-	1,199,062	-	98,591	337,158	235,353
(304,568)	(1,199,062)	-	(98,591)	(337,158)	(235,353)
(198,400)	125,426	979,291	-	-	99,500
\$ 757,030	\$ (1,977,225)	\$ 429,948	\$ (172,838)	\$ (438,959)	\$ (388,274)
0.66%	0.79%	2.35%	2.71%	2.23%	2.32%



## CITY OF DENHAM SPRINGS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Occupational Licenses and Permits	Charitable Gaming Tax	Total
2003	\$ 163,898	\$ 4,316,289	\$ 600,028	\$ 681,773	\$ -	\$ 5,761,988
2004	169,727	4,837,302	663,061	718,200	-	6,388,290
2005	185,288	5,121,821	659,478	775,811	-	6,742,398
2006	184,153	6,271,458	831,587	824,833	-	8,112,031
2007	181,812	6,557,726	798,040	917,389	-	8,454,967
2008	187,707	6,856,653	860,134	984,586	28,715	8,917,795
2009	205,201	6,921,858	870,836	981,531	332,309	9,311,735
2010	206,395	6,310,540	764,639	983,098	316,320	8,580,992
2011	215,189	6,343,589	797,798	959,812	303,092	8,619,480
2012	210,351	6,627,015	736,292	996,967	286,920	8,857,545

## CITY OF DENHAM SPRINGS

ASSESSED AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY

Last Ten Years

Year	Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value*
2003	\$ 48,325,460	\$ 439,322,364	11%
2004	53,467,960	486,072,364	11
2005	62,106,950	564,608,636	11
2006	63,370,620	576,096,545	11
2007	64,885,680	589,869,818	11
2008	67,237,330	611,248,455	11
2009	74,931,120	681,192,000	11
2010	77,068,540	700,623,091	11
2011	78,768,530	716,077,545	11
2012	77,289,790	702,634,455	11

\*Actual Valuation (Market Value) as Compared to Assessed Valuation

Residential properties are assessed at 10% of fair market value; commercial and industrial properties, excluding land, are assessed at 15%. The overall assessed value is estimated to be 11% of actual market value.

SOURCE: Livingston Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of Livingston.

NOTE: Additional information concerning estimated values by types of property was not currently readily available.

# CITY OF DENHAM SPRINGS

## PROPERTY TAX RATES AND TAX LEVIES DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

Fiscal Year	<u>City of Denham Springs</u>		Parishwide <sup>1</sup>	<u>Parish Special Districts</u>				Total Parish Millage
	<u>Operating Millage</u>	<u>Total City Millage</u>		<u>Drainage District #1</u>	<u>Recreation District #3</u>	<u>Law Enforcement District</u>	<u>Juvenile Detention Center</u>	
2003	3.44	3.44	40.64	5.00	20.00	12.51	3.00	81.15
2004	3.13	3.13	42.09	5.00	20.00	12.51	3.00	82.60
2005	3.00	3.00	40.67	4.60	16.49	12.51	3.00	77.27
2006	2.92	2.92	42.98	4.60	16.49	12.51	3.00	79.58
2007	2.84	2.84	42.88	4.60	20.00	12.51	3.00	82.99
2008	2.83	2.83	49.88	4.60	17.50	12.51	3.00	87.49
2009	2.75	2.75	43.32	3.99	16.00	10.55	3.00	76.86
2010	2.75	2.75	40.88	3.99	17.00	10.55	3.00	75.42
2011	2.75	2.75	42.84	3.99	17.00	10.55	3.00	77.38
2012	2.75	2.75	44.15	5.00	17.00	10.55	2.75	79.45

<sup>1</sup>Parishwide - includes all or some of the following:

Parish/Local, Dixon Sinking, Courthouse Sinking, Road Equipment/Maintenance, Drainage Tax, Council on Aging, Courthouse Maintenance, Health Unit, Library, and Assessor.

SOURCE: Livingston Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of Livingston.

Livingston Parish School Board						
Operational Millage	Additional Support Millage	Maintenance Millage	Construction Millage	Debt Service Millage	Total School Millages	Total Direct and Overlapping Rates
3.29	7.18	7.00	5.00	15.54	38.01	122.60
3.29	7.18	7.00	5.00	14.85	37.32	123.05
3.29	7.18	7.00	5.00	10.50	32.97	113.24
3.29	7.18	7.00	5.00	7.10	29.57	112.07
3.29	7.18	7.00	5.00	6.73	29.20	115.03
3.29	7.18	7.00	5.00	32.55	55.02	145.34
3.29	7.18	7.00	5.00	22.55	45.02	124.63
3.29	7.18	7.00	5.00	20.45	42.92	121.09
3.29	7.18	7.00	5.00	18.29	40.76	120.89
3.29	7.18	7.00	5.00	13.88	36.35	118.55

**CITY OF DENHAM SPRINGS**  
**PRINCIPAL PROPERTY TAXPAYERS**

June 30, 2012

Rank	Name of Taxpayer	Type of Business	2012	
			Assessed Valuation	Percentage of Total Taxable Assessed Value
1	Walmart Louisiana, LLC #935	Retail	\$ 2,722,990	3.52 %
2	Bellsouth/AT&T Telecommunications	Public Utility	2,391,770	3.10
3	All Star Dealership Properties	Auto Dealership	2,227,910	2.88
4	Bass Pro Outdoor World	Retail	1,801,540	2.33
5	Home Depot #0375	Retail	1,577,140	2.04
6	Cox Com, Inc.	Telecommunications	1,268,680	1.64
7	Capital One Bank	Bank	1,019,390	1.32
8	First Guaranty Bank	Bank	910,230	1.18
9	Spring Park Property Owner, LLC	Real Estate	897,370	1.16
10	Entergy Gulf States, LLC	Public Utility	819,250	1.06
			<u>\$ 15,636,270</u>	<u>20.23 %</u>

Source: Livingston Parish Assessor's Office.

The City of Denham Springs did not accumulate this information prior to 2006.

## CITY OF DENHAM SPRINGS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy For Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 166,238	\$ 161,135	96.93%	\$ 4,246	\$ 165,381	99.48%
2004	167,353	165,481	98.88	2,596	168,077	100.43
2005	186,321	182,692	98.05	5,963	188,655	101.25
2006	185,040	178,190	96.30	2,226	180,416	97.50
2007	184,470	180,930	98.08	2,586	183,516	99.48
2008	189,945	185,750	97.79	2,626	188,376	99.17
2009	205,911	197,859	96.09	2,597	200,456	97.35
2010	211,784	205,757	97.15	4,962	210,719	99.50
2011	216,457	209,089	96.60	4,393	213,482	98.63
2012	212,394	208,209	98.03	-	208,209	98.03

## CITY OF DENHAM SPRINGS

**MUNICIPAL TAXABLE SALES BY CATEGORY - GENERAL SALES AND USE TAX**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

## LAST TEN FISCAL YEARS

<b><u>Standard Industrial Classification Code</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>
<b>Agriculture, Forestry, and Fishing</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Mining</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Construction</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Manufacturing</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Transportation and Public Utilities</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Wholesale Trade</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Other Retail Trade</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Vehicle</b>	18,808	18,491	18,873	22,733	30,770	26,604	21,469	20,154	21,758	20,324
<b>Food Stores</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Finance, Insurance, and Real Estate</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Services</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Public Administration</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Source:** Livingston Parish School System's Sales Tax Department which is  
Collector of City of Denham Springs Municipal 1 1/2 % Sales and Use Taxes  
currently does not compile sales tax data by standard industrial code.

# CITY OF DENHAM SPRINGS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Business - Type Activities	Total Primary Government
	General Obligation Bonds	Certificates of Indebtedness	Capital Lease	Revenue Bonds	
2003	\$ -	\$ -	\$ -	614,933	\$ 614,933
2004	-	-	147,567	385,623	533,190
2005	-	-	114,167	160,144	274,311
2006	-	-	79,527	-	79,527
2007	-	-	123,854	23,765,000	23,888,854
2008	-	-	151,634	32,415,000	32,566,634
2009	-	-	857,125	31,935,000	32,792,125
2010	-	-	628,394	55,070,000	55,698,394
2011	-	-	418,800	54,435,000	54,853,800
2012	-	-	298,086	53,775,000	54,073,086

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: <sup>1</sup> Population of the City of Denham Springs obtained from the State Treasurer's Office.



Schedule 12

<u>Percentage of Personal Income</u>	<u>Population<sup>1</sup></u>	<u>Per Capita</u>
N/A	8,977	\$ 68.50
N/A	9,913	53.79
N/A	10,167	26.98
N/A	10,217	7.78
N/A	10,342	2,309.89
N/A	10,439	3,119.71
N/A	10,480	3,129.02
N/A	10,790	5,162.04
N/A	10,215	5,369.93
N/A	10,390	5,204.34

## CITY OF DENHAM SPRINGS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2003	-	-	-	N/A	N/A
2004	-	-	-	N/A	N/A
2005	-	-	-	N/A	N/A
2006	-	-	-	N/A	N/A
2007	-	-	-	N/A	N/A
2008	-	-	-	N/A	N/A
2009	-	-	-	N/A	N/A
2010	-	-	-	N/A	N/A
2011	-	-	-	N/A	N/A
2012	-	-	-	N/A	N/A

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

The City has had no outstanding general obligation bonds in the past ten years.

Population data can be found in the Schedule of Demographic and Economic Statistics on Schedule 17.

## CITY OF DENHAM SPRINGS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2012

		Amounts In Debt Service Fund For Principal	Net Debt Outstanding	City of Denham Springs Estimated Percentage Applicable <sup>1</sup>	Share of Debt
	Gross Debt Outstanding				
<u>GOVERNMENTAL UNIT - Direct Debt</u>					
City of Denham Springs	\$ -	\$ -	\$ -	100%	\$ -
<u>OTHER GOVERNMENTAL AGENCIES - Overlapping Debt</u>					
School District #1	\$ 23,605,000	\$ 1,924,815	\$ 21,680,185	32%	\$ 6,937,659
Library Bonds	6,890,000	1,313,668	5,576,332	12%	669,160
Livingston Parish -					
Recreation District No. 3	8,325,000	865,991	7,459,009	39%	2,909,014
Recreation District No. 3	<u>875,000</u>	<u>602,253</u>	<u>272,747</u>	39%	<u>106,371</u>
Total Other Governmental Agencies	<u>\$ 39,695,000</u>	<u>\$ 4,706,727</u>	<u>\$ 34,988,273</u>		<u>\$ 10,622,204</u>
Total Direct and Overlapping Debt	<u>\$ 39,695,000</u>	<u>\$ 4,706,727</u>	<u>\$ 34,988,273</u>		<u>\$ 10,622,204</u>
2012 Population					<u>10,390</u>
Per Capita					\$ 1,022

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Denham Springs. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Net Overlapping Debt is computed to demonstrate the total property tax burden on the taxpayers within the reporting government's geographic jurisdiction and the total debt that their property taxes will be expected to repay.

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Parish's taxable assessed value that is within the City's boundaries and dividing it by the Parish's total taxable assessed value.

**CITY OF DENHAM SPRINGS**

**LEGAL DEBT MARGIN INFORMATION**

**Last Ten Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Limit	\$ 4,832,546	\$ 5,346,796	\$ 6,210,695	\$ 6,337,620
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 4,832,546</u>	<u>\$ 5,346,796</u>	<u>\$ 6,210,695</u>	<u>\$ 6,337,620</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Note: Under state finance law, the City of Denham Springs' outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 6,488,568	\$ 6,723,733	\$ 7,493,112	\$ 7,706,854	\$ 7,876,853	\$ 7,728,979
-	-	-	-	-	-
<u>\$ 6,488,568</u>	<u>\$ 6,723,733</u>	<u>\$ 7,493,112</u>	<u>\$ 7,706,854</u>	<u>\$ 7,876,853</u>	<u>\$ 7,728,979</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

**Legal Debt Margin Calculation for Fiscal Year 2011**

Total Assessed Value	<u>\$ 77,289,790</u>
Debt Limit (10% of Total Assessed Value)	\$ 7,728,979
Less: Debt Applicable to Limit: General Obligation Bonds	<u>-</u>
Legal Debt Margin	<u>\$ 7,728,979</u>

# CITY OF DENHAM SPRINGS

## PLEDGED REVENUE COVERAGE

Last Ten Years

Year	Utility Revenue Bonds					
	Gross Revenue <sup>1</sup>	Other Financial Sources <sup>3</sup>	Expenses <sup>2</sup>	Available for Debt Service	Debt Service	
					Principal	Interest
2003	\$ 4,799,959	\$ -	\$ 5,402,563	\$ (602,604)	\$ 227,944	\$ 56,402
2004	5,149,379	-	5,383,330	(233,951)	229,310	40,329
2005	5,733,752	50,000	5,687,654	96,098	225,479	23,706
2006	7,265,768	329,718	6,764,455	831,031	160,144	8,648
2007	6,979,119	304,568	6,353,047	930,640	-	-
2008	9,021,392	-	7,649,322	1,372,070	450,000	1,051,364 <sup>4</sup>
2009	10,316,018	-	7,221,571	3,094,447	480,000	1,402,730 <sup>4</sup>
2010	9,825,063	-	7,351,375	2,473,688	615,000	2,067,006 <sup>5</sup>
2011	9,563,886	-	7,162,349	2,401,537	635,000	2,471,445 <sup>5</sup>
2012	10,294,980	-	6,858,537	3,436,443	660,000	2,447,190 <sup>5</sup>

<sup>1</sup>Total Operating Revenues plus Non-Operating Revenues plus Capitalized Interest Income

<sup>2</sup>Total Operating Expenses plus Non-Operating Expenses less Depreciation and Debt Service Interest on Revenue Bonds not capitalized

<sup>3</sup>Transfers In

<sup>4</sup>Interest capitalized during construction

<sup>5</sup>Interest capitalized during construction plus Debt Service Interest on Revenue Bonds not capitalized

Special Assessment Certificates						
Total	Coverage	Special Assessment	Debt Service		Coverage	
		Collections	Principal	Interest		
\$ 284,346	-	\$ 5,944	\$ -	\$ -	N/A	
269,639	-	389	-	-	N/A	
249,185	.39	-	-	-	N/A	
168,792	4.92	-	-	-	N/A	
-	N/A	-	-	-	N/A	
1,501,364	0.91	-	-	-	N/A	
1,882,730	1.64	-	-	-	N/A	
2,682,006	0.92	-	-	-	N/A	
3,106,445	0.77	-	-	-	N/A	
3,107,190	1.11	-	-	-	N/A	

## CITY OF DENHAM SPRINGS

### DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

<u>Year</u>	<u>Population<sup>1</sup></u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Income<sup>2</sup></u>	<u>Median Age<sup>5</sup></u>	<u>Public School Enrollment<sup>4</sup></u>
2003	8,977	\$ 191,533	\$ 21,336	N/A	20,496
2004	9,913	219,880	22,181	N/A	20,898
2005	10,167	240,805	23,685	N/A	21,561
2006	10,217	264,814	25,919	N/A	23,141
2007	10,342	293,247	28,355	N/A	23,347
2008	10,439	315,385	30,094	N/A	23,549
2009	10,480	336,659	31,201	N/A	24,311
2010	10,790	329,991	30,583	36.4	24,494
2011	10,215	325,164	31,832	N/A	24,468
2012	10,390	N/A	N/A	N/A	24,773

<sup>1</sup>Per State Treasurer's office years 2003-2010, United States Census Bureau year 2011-2012

<sup>2</sup>Parishwide Per Capita Income Per Louisiana Department of Labor.

<sup>3</sup>Per Louisiana Department of Labor.

<sup>4</sup>Louisiana Department of Education.

<sup>5</sup>United States Census Bureau.

N/A - Not readily available at this time.



Schedule 17

<u>Unemployment Livingston Parish<sup>3</sup></u>	<u>Unemployment Labor Market Area<sup>3</sup></u>
6.7	5.6
7.4	6.2
6.3	6.1
4.5	4.6
4.3	4.6
4.5	5.0
7.3	7.4
8.1	8.3
8.0	8.4
8.2	8.7

## CITY OF DENHAM SPRINGS

Principal Employers

Current Year

<u>Employer</u>	<u>2012</u>		<u>Percentage of Total City Employment</u>
	<u>Employees</u>	<u>Rank</u>	
Livingston Parish School Board	647	1	10.08%
Bass Pro Outdoor World	347	2	5.40%
Walmart Louisiana, LLC #935	310	3	4.83%
Sam's Club	200	4	3.12%
City of Denham Springs	189	5	2.94%
B&C Sheet Metal	150	6	2.34%
Golden Age Nursing Home	136	7	2.12%
Home Depot #0375	135	8	2.10%
Whitney Bank	130	9	2.02%
Capital One Bank	75	10	1.17%
	<u>2,319</u>		<u>36.12%</u>

Source: Livingston Economic Development Council

Note: Fiscal year June 30, 2012 is the first year the City of Denham Springs included the schedule of Principal Employers. Information for nine years ago was not available for presentation.

# CITY OF DENHAM SPRINGS

## FULL-TIME EQUIVALENT CITY OF DENHAM SPRINGS EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30				
	2003	2004	2005	2006	2007
<b>General Government:</b>					
General Provisions	13	11	10	10	12
Cemetery	2	2	2	2	2
Business License and Permit	2	2	2	2	1
Ward II Court	2	2	2	2	2
Planning and Zoning	3	3	3	3	3
Landscaping	2	2	2	-	-
<b>Public Safety:</b>					
Animal Control	4	3	4	4	6
Firemen	23	25	25	25	27
Firemen Administrative Staff	-	-	-	-	-
Policemen	26	26	26	27	30
Police Communications	12	11	5	5	5
Police Administrative Staff	3	4	4	4	5
Police Crossing Guards	2	2	2	3	3
Litter Control	1	1	1	1	1
<b>Public Works:</b>					
Street	17	14	14	15	17
<b>Culture and Recreation:</b>					
Main Street Director	1	-	-	-	-
Old City Hall Secretary	-	-	-	-	-
<b>Public Utilities:</b>					
Natural Gas, Water and Sewer	37	40	40	37	42
<b>Motor Pool:</b>					
Mechanics	2	2	2	2	1
<b>Total Full-time Equivalent</b>	<u>152</u>	<u>150</u>	<u>144</u>	<u>142</u>	<u>157</u>
<b>Total Full-time and Part-time Employees</b>	<u>159</u>	<u>159</u>	<u>154</u>	<u>153</u>	<u>166</u>

Note: Information provided by the City of Denham Springs.  
The Mayor is an elected full-time position. This position is not included in the above schedule.

Schedule 19

**Full-time Equivalent Employees as of June 30**

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
13	14	14	14	14
2	-	-	-	-
1	1	1	1	1
2	2	2	2	2
4	3	3	3	3
-	-	-	-	-
11	10	10	10	10
27	28	29	29	29
1	-	-	-	-
33	34	37	34	36
5	3	3	3	2
6	5	5	5	5
3	3	3	3	3
1	-	-	-	-
18	18	21	21	21
-	-	-	-	-
-	1	1	1	1
47	43	46	46	47
2	2	2	2	2
<u>176</u>	<u>167</u>	<u>177</u>	<u>174</u>	<u>176</u>
<u>186</u>	<u>179</u>	<u>187</u>	<u>186</u>	<u>189</u>

**CITY OF DENHAM SPRINGS**

**OPERATING INDICATORS BY FUNCTION**

Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Government</b>				
<b>Election Data</b>				
Registered Voters	N/A	5,812	5,886	6,413
Voters at polls	N/A	2,022	907	1,470
Absentee ballots	N/A	87	47	43
Percent Voting	N/A	36.30%	16.20%	23.60%
<b>Ward II Court</b>				
<b>Court Cases</b>				
Civil	1,074	1,250	1,053	858
Criminal	5,215	5,763	6,847	1,689
Landlord and tenant (Included in Civil)	-	-	-	N/A
Small Claims	-	-	-	-
Traffic	7,699	8,238	8,932	10,028
<b>Public Safety</b>				
<b>Police Protection</b>				
Adult arrests	681	613	874	833
Civil infractions	N/A	N/A	N/A	N/A
Group A Offenses	1,325	1,284	1,378	1,450
Group B Offenses	441	308	412	463
Accidents w/injury	264	282	134	124
Juvenile arrest	90	74	122	97
DWI	85	71	95	90
Parking violations	N/A	N/A	N/A	N/A
Criminal damage to property	127	151	123	166
Private property damage	N/A	N/A	N/A	N/A
Total traffic violations	7,107	9,113	9,945	10,013
<b>Fire Protection</b>				
Fire	51	64	62	64
Estimated Loss Due to Fire Incidents Reported	N/A	N/A	N/A	N/A
Overpressure rupture, explosion, overhear (no fire)	8	5	5	2
Rescue & Emergency Medical Service Incident	949	948	1,176	910
Hazardous Condition (No Fire)	36	38	65	21
Service Call	101	89	115	72
Good Intent Call	65	87	140	131
False Alarm & False Call	63	76	117	75
Severe Weather & Natural Disaster	-	2	3	2
Special Incident Type	3	2	-	-

(CONTINUED)

Schedule 20

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
6,437	6,390	6,530	N/A	6,453	6,370
1,886	1,519	2,447	N/A	2,042	1,387
59	88	304	N/A	175	177
30.22%	25.15%	37.48%	N/A	34.36%	24.55%
1,333	1,479	1,703	1,922	1,791	1,791
1,794	2,422	1,750	2,078	1,894	1,779
N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	-	-
11,281	14,281	12,256	17,084	15,798	12,238
908	910	946	904	984	1,012
N/A	N/A	N/A	N/A	N/A	N/A
1,493	1,528	1,169	1,279	1,229	1,271
483	513	603	1,061	772	1,127
148	176	111	263	152	146
131	93	98	106	87	78
78	122	118	138	143	147
N/A	N/A	N/A	N/A	N/A	N/A
196	232	397	179	199	183
N/A	N/A	N/A	N/A	N/A	N/A
9,199	11,262	9,043	9,081	9,365	10,087
96	107	88	61	47	78
N/A	N/A	142,175	1,228,225	1,140,450	266,100
-	4	6	4	3	5
1,119	1,187	1,026	977	939	875
34	36	63	40	41	44
104	102	137	89	82	116
146	117	103	18	46	107
143	122	78	108	76	87
8	3	5	-	1	3
-	7	7	3	0	0

**CITY OF DENHAM SPRINGS**

**OPERATING INDICATORS BY FUNCTION (CONTINUED)**

Last Ten Fiscal Years

	2003	2004	2005	2006
<b>Natural Gas Services</b>				
<b>Customers</b>	4,675	4,838	5,024	5,274
Inside - Residential	N/A	2,307	2,295	2,257
Inside - Commercial/Industrial	N/A	227	230	227
Outside - Residential	N/A	2,248	2,438	2,732
Outside - Commercial/Industrial	N/A	56	61	58
<b>Natural Gas (in million cubic feet (MCF))</b>				
Purchased from LA Municipal Gas Authority (LMGA)	272,337	253,568	239,969	253,568
Sold to customers	258,536	242,846	234,656	239,077
<b>Rates</b>				
<b>Residential Customers inside the city</b>				
First 500 cubic feet or less	\$ 5.63	\$ 5.63	RATES	CHANGED
Next 3,500 cubic feet at \$ per MCF	\$ 6.36	\$ 6.36		
Next 8,000 cubic feet at \$ per MCF	\$ 6.26	\$ 6.26		
Next 12,000 cubic feet at \$ per MCF	\$ 6.16	\$ 6.16	SEE	BELOW
<b>Residential Customers outside the city and all commercial customers inside and outside the city</b>				
First 500 cubic feet or less	\$ 6.03	\$ 6.03	RATES	CHANGED
Next 3,500 cubic feet at \$ per MCF	\$ 6.76	\$ 6.76		
Next 8,000 cubic feet at \$ per MCF	\$ 6.66	\$ 6.66		
Next 12,000 cubic feet at \$ per MCF	\$ 6.56	\$ 6.56	SEE	BELOW
<b>All customers inside and outside the city</b>				
Minimum monthly charge		\$ 5.63	\$ 5.63	\$ 5.63
Monthly gas rate - cost of gas plus .80 cents per CCF (hundred cubic feet)		eff. 11-9-04	eff. 11-9-04	eff. 11-9-04
<b>Water Services</b>				
<b>Customers</b>	6,459	6,684	6,945	7,073
Inside - Residential	N/A	3,397	3,412	3,393
Inside - Commercial/Industrial	N/A	539	561	565
Outside - Residential	N/A	2,697	2,911	3,052
Outside - Commercial/Industrial	N/A	51	61	63
Contracted Service - Shadow Springs Utility System, Inc.	N/A	N/A	N/A	N/A
<b>Water (per hundred gallons)</b>				
Sold to customers	8,123,446	8,128,421	8,182,310	8,291,497

(CONTINUED)

**Schedule 20**  
**(Continued)**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
5,607	6,114	6,394	6,483	6,189	6,223
2,265	2,435	2,458	2,430	2,175	2,169
243	332	355	357	265	260
3,036	3,313	3,504	3,616	3,676	3,720
63	34	77	80	73	74
290,515	276,000	270,765	340,280	302,402	247,898
282,351	259,041	263,564	322,042	319,225	234,112
CHANGED	CHANGED	CHANGED	CHANGED	CHANGED	CHANGED
BELOW	BELOW	BELOW	BELOW	BELOW	BELOW
CHANGED	CHANGED	CHANGED	CHANGED	CHANGED	CHANGED
BELOW	BELOW	BELOW	BELOW	BELOW	BELOW
\$ 5.63	\$ 8.25	\$ 8.25	\$ 8.25	\$ 8.25	\$ 8.25
eff. 11-9-04	eff. 3-1-08	eff. 3-1-08	eff. 3-1-08	eff. 3-1-08	eff. 7-1-11
7,367	7,448	7,584	7,574	7,977	8,215
3,438	3,351	3,351	3,327	3,865	3,930
583	680	692	686	217	260
3,280	3,342	3,463	3,483	3,476	3,828
66	75	78	78	178	197
N/A	N/A	N/A	N/A	241	0
8,475,923	8,660,348	7,880,994	7,840,105	8,280,542	8,561,011



**CITY OF DENHAM SPRINGS**

**OPERATING INDICATORS BY FUNCTION (CONTINUED)**

Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Rates (amount billed customers)</b>				
<b>Inside the corporate limits</b>				
For the first 2,500 gallons monthly minimum charge based on meter size - Refer to meter chart (A)				
For every 1,000 gallons or part thereof next 5,500 gallons	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 0.65	\$ 0.65	\$ 0.65	\$ 0.65
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00
<b>Chart (A) - Monthly minimum charge</b>				
5/8 inch	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50
3/4 inch	\$ 8.20	\$ 8.20	\$ 8.20	\$ 8.20
1 inch	\$ 13.70	\$ 13.70	\$ 13.70	\$ 13.70
1 1/2 inch	\$ 27.30	\$ 27.30	\$ 27.30	\$ 27.30
2 inch	\$ 43.70	\$ 43.70	\$ 43.70	\$ 43.70
3 inch	\$ 82.60	\$ 82.60	\$ 82.60	\$ 82.60
4 inch	\$ 137.80	\$ 137.80	\$ 137.80	\$ 137.80
6 inch	\$ 275.15	\$ 275.15	\$ 275.15	\$ 275.15
8 inch	\$ 550.00	\$ 550.00	\$ 550.00	\$ 550.00
<b>Outside the corporate limits</b>				
For the first 2,500 gallons monthly minimum charge based on meter size - Refer to meter chart (B)				
For every 1,000 gallons or part thereof next 5,500 gallons	\$ 1.20	\$ 1.20	\$ 1.20	\$ 1.20
For every 1,000 gallons or part thereof next 17,000 gallons	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90
For every 1,000 gallons or part thereof all over 25,000 gallons	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78
Flat fee for filling of swimming pool or tank truck from fire hydrant by authorized personnel	\$ 48.00	\$ 48.00	\$ 48.00	\$ 48.00

(CONTINUED)

**Schedule 20**  
**(Continued)**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 2.00	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25
\$ 1.85	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10
\$ 1.70	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95
\$ 70.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 11.75
\$ 9.10	\$ 9.10	\$ 9.10	\$ 9.10	\$ 9.10	\$ 14.10
\$ 15.15	\$ 15.15	\$ 15.15	\$ 15.15	\$ 15.15	\$ 20.15
\$ 30.15	\$ 30.15	\$ 30.15	\$ 30.15	\$ 30.15	\$ 35.15
\$ 48.30	\$ 48.30	\$ 48.30	\$ 48.30	\$ 48.30	\$ 53.30
\$ 91.25	\$ 91.25	\$ 91.25	\$ 91.25	\$ 91.25	\$ 96.25
\$ 152.20	\$ 152.20	\$ 152.20	\$ 152.20	\$ 152.20	\$ 157.20
\$ 303.80	\$ 303.80	\$ 303.80	\$ 303.80	\$ 303.80	\$ 308.80
\$ 607.25	\$ 607.25	\$ 607.25	\$ 607.25	\$ 607.25	\$ 612.25
\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25	\$ 2.25
\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10	\$ 2.10
\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95	\$ 1.95
\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00

**CITY OF DENHAM SPRINGS**

**OPERATING INDICATORS BY FUNCTION (CONTINUED)**

Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Chart (B) - Monthly minimum charge</b>				
5/8 inch	\$ 6.61	\$ 6.61	\$ 6.61	\$ 6.61
3/4 inch	\$ 9.84	\$ 9.84	\$ 9.84	\$ 9.84
1 inch	\$ 16.44	\$ 16.44	\$ 16.44	\$ 16.44
1 1/2 inch	\$ 32.76	\$ 32.76	\$ 32.76	\$ 32.76
2 inch	\$ 52.44	\$ 52.44	\$ 52.44	\$ 52.44
3 inch	\$ 99.12	\$ 99.12	\$ 99.12	\$ 99.12
4 inch	\$ 165.36	\$ 165.36	\$ 165.36	\$ 165.36
6 inch	\$ 330.18	\$ 330.18	\$ 330.18	\$ 330.18
8 inch	\$ 660.00	\$ 660.00	\$ 660.00	\$ 660.00
<b>Sewer Services</b>				
<b>Customers</b>	5,294	5,348	5,420	5,424
Inside - Residential	N/A	3,232	3,253	3,236
Inside - Commercial/Industrial	N/A	514	514	514
Outside - Residential	N/A	1,571	1,622	1,640
Outside - Commercial/Industrial	N/A	31	31	34
Contracted Services-LP Sewer District #1 and #2	N/A	N/A	N/A	N/A
Denham Springs Sewerage District #1	N/A	N/A	N/A	N/A
<b>Rates (amount billed customers)</b>				
<b>Residential customers inside the city</b>				
Monthly flat fee and	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
% of water consumption per 100 gallons	3%	3%	3%	3%
<b>Residential customers outside the city</b>				
Monthly flat fee and	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
% of water consumption per 100 gallons	3%	3%	3%	3%
<b>Commercial customers inside the city</b>				
Monthly flat fee and	\$ 6.00	RATES	CHANGED	RATES
% of water consumption per 100 gallons	3%	SEE	BELOW	SEE
<b>Commercial customers outside the city</b>				
Monthly flat fee and	\$ 7.00	RATES	CHANGED	RATES
% of water consumption per 100 gallons	5%	SEE	BELOW	SEE

(CONTINUED)

Schedule 20  
(Continued)

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 7.25	\$ 7.25	\$ 7.25	\$ 7.25	\$ 7.25	\$ 12.25
\$ 10.90	\$ 10.90	\$ 10.90	\$ 10.90	\$ 10.90	\$ 15.90
\$ 18.15	\$ 18.15	\$ 18.15	\$ 18.15	\$ 18.15	\$ 23.15
\$ 36.20	\$ 36.20	\$ 36.20	\$ 36.20	\$ 36.20	\$ 41.20
\$ 57.95	\$ 57.95	\$ 57.95	\$ 57.95	\$ 57.95	\$ 62.95
\$ 109.50	\$ 109.50	\$ 109.50	\$ 109.50	\$ 109.50	\$ 114.50
\$ 182.60	\$ 182.60	\$ 182.60	\$ 182.60	\$ 182.60	\$ 187.60
\$ 364.55	\$ 364.55	\$ 364.55	\$ 364.55	\$ 364.55	\$ 369.55
\$ 728.70	\$ 728.70	\$ 728.70	\$ 728.70	\$ 728.70	\$ 733.70
5,489	5,485	5,601	5,547	5,600	5,654
3,275	3,208	3,210	3,184	3,256	3,262
527	619	636	633	632	645
1,654	1,623	1,715	1,691	1,219	1,259
33	35	40	39	20	21
N/A	N/A	N/A	N/A	473	467
N/A	N/A	N/A	N/A	1,269	1,847
\$ 6.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
10%	25%	25%	25%	25%	25%
\$ 7.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00
10%	25%	25%	25%	25%	25%
CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW
CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW	CHANGED BELOW

# CITY OF DENHAM SPRINGS

## OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Commercial customers inside the city</b>				
<b>Hotels/Motels</b>				
Monthly flat fee of \$10.00 based on number of rooms and % of water consumption per 100 gal.	N/A	217 Rooms	217 Rooms	217 Rooms
	N/A	3%	3%	3%
<b>All other commercial customers inside the city</b>				
Monthly flat fee based on commercial business zone and				
Zone C-1 \$20.00	N/A	12	12	12
Zone C-2 \$25.00	N/A	25	25	25
Zone C-3 \$30.00	N/A	436	436	436
Zone C-4 \$35.00	N/A	20	20	20
Zone I-1 and I-2 \$40.00	N/A	21	21	21
25% of water consumption per 100 gallons (Month Avg. 26,409)		3%	3%	3%
RIRZ	N/A	N/A	N/A	N/A
<b>Commercial customers outside the city</b>				
<b>Hotels/Motels</b>				
Monthly flat fee of \$12.00 based on number of rooms and % of water consumption per 100 gal.	N/A	None	None	None
	N/A	3%	3%	3%
<b>All other commercial customers outside the city</b>				
Monthly flat fee and	N/A	\$ 28.00	\$ 31.00	\$ 34.00
% of water consumption per 100 gallons	N/A	5%	5%	5%
<b>Sanitation Services</b>				
<b>Customers</b>	3,390	3,407	3,426	3,415
Inside - Residential	3,267	3,279	3,293	3,282
Inside - Commercial/Industrial	123	128	133	133
<b>Sanitation Service Contracted Rates -</b>				
Monthly per Customer				
Twice Weekly Pickup and Weekly				
Pickup of Recycling	\$ 12.51	\$ 13.58	\$ 14.35	\$ 14.86
<b>Rates (amount billed customers)</b>				
Inside - Residential	\$ 13.55	\$ 14.30	\$ 14.30	\$ 14.81
Inside - Commercial/Industrial	\$ 11.80	\$ 12.55	\$ 12.55	\$ 13.06
Inside - Senior Citizens	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

**Schedule 20**  
**(Continued)**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>314 Rooms</b> <b>10%</b>	<b>314 Rooms</b> <b>25%</b>	<b>341 Rooms</b> <b>25%</b>	<b>444 Rooms</b> <b>25%</b>	<b>444 Rooms</b> <b>25%</b>	<b>444 Rooms</b> <b>25%</b>
12	23	23	23	27	27
25	40	40	40	35	36
503	510	510	529	391	408
20	34	34	34	41	43
21	23	23	23	31	32
10%	25%	25%	25%	25%	25%
N/A	23	23	23	27	26
<b>None</b> <b>12%</b>	<b>None</b> <b>25%</b>	<b>None</b> <b>25%</b>	<b>None</b> <b>25%</b>	<b>None</b> <b>25%</b>	<b>None</b> <b>25%</b>
<b>\$ 36.00</b> <b>12%</b>	<b>Included w/</b> <b>inside City</b>	<b>Included w/</b> <b>inside City</b>	<b>Included w/</b> <b>inside City</b>	<b>Included w/</b> <b>inside City</b>	<b>Included w/</b> <b>inside City</b>
3,366	3,470	3,485	3,460	3,504	3,559
3,231	3,318	3,323	3,297	3,355	3,396
135	152	162	163	149	163
<b>\$ 14.86</b>	<b>\$ 16.43</b>	<b>\$ 17.44</b>	<b>\$ 17.44</b>	<b>\$ 18.00</b>	<b>\$ 18.00</b>
<b>\$ 14.81</b>	<b>\$ 16.43</b>	<b>\$ 17.44</b>	<b>\$ 17.44</b>	<b>\$ 17.44</b>	<b>\$ 18.00</b>
<b>\$ 13.06</b>	<b>\$ 14.68</b>	<b>\$ 15.69</b>	<b>\$ 15.69</b>	<b>\$ 15.69</b>	<b>\$ 18.00</b>
<b>\$ 1.00</b>	<b>\$ 1.00</b>	<b>\$ 1.00</b>	<b>\$ 1.00</b>	<b>\$ 1.00</b>	<b>\$ 1.00</b>

**CITY OF DENHAM SPRINGS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**

Last Ten Fiscal Years

	2003	2004	2005	2006
<b>General Government</b>				
<b>Buildings</b>				
Municipal (City Hall, Ward II Court and Ward II Marshall)	1	1	1	1
<b>Public Safety</b>				
<b>Police Protection</b>				
Stations	1	1	1	1
Vehicles - Marked	28	28	28	28
Vehicles - Unmarked	6	6	6	6
Motorcycles - Marked	2	2	3	3
<b>Fire Protection</b>				
Administrative Office	N/A	N/A	N/A	N/A
Stations	2	3	3	3
Vehicles - Extinguishment	4	4	4	4
Vehicles - Emergency Medical	1	1	1	1
<b>Public Works</b>				
<b>Streets and Sidewalks</b>				
Miles of City:				
Primary streets (State and Federal)	N/A	N/A	N/A	N/A
Secondary streets (City)	45.3	45.3	45.3	45.3
Sidewalks	N/A	N/A	N/A	N/A
Bridges	N/A	N/A	N/A	N/A
Buildings	2	2	2	2
Street Lights:				
Residential	638	638	638	652
Street and Highway	284	284	284	284
Security Light	2	2	2	2
Vehicles	15	16	16	17
<b>Natural Gas, Water and Sewer Services</b>				
Fire Hydrants	N/A	N/A	N/A	N/A
Miles of natural gas mains	151	159	163	N/A
Miles of water mains	N/A	N/A	N/A	N/A
Miles of sanitary sewer	N/A	N/A	N/A	N/A
Number of sewer pumping stations:				
City of Denham Springs	32	36	36	37
Denham Springs Sewerage District #1	N/A	N/A	N/A	N/A
Type of sewer treatment system	Rock Reed	Rock Reed	Rock Reed	Rock Reed
<b>Recreation and Culture</b>				
<b>Parks and Recreation</b>				
Acres	1	3	3	3
Developed parks (Spring, Train Station, Willow & Old City Hall)	1	2	2	2
Buildings (Spring, Train Station, and Old City Hall)	1	2	2	2

Schedule 21

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
1	1	1	1	1	1
1	1	1	1	1	1
30	30	33	31	36	32
7	7	7	7	7	11
3	4	4	4	4	5
1	1	1	1	1	1
3	3	3	3	3	3
4	6	6	6	6	6
1	1	1	1	1	1
N/A	N/A	N/A	N/A	N/A	N/A
45.3	45.3	45.3	45.3	45.3	45.3
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
2	2	2	2	2	2
652	652	652	652	652	652
284	284	284	284	284	284
2	2	2	2	2	2
17	17	17	17	17	17
568	568	1,099	1,099	1,099	1,099
180	180	180	180	180	180
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
37	37	37	37	37	39
N/A	N/A	N/A	N/A	30	43
Rock Reed	Oxidation Ponds	Oxidation Ponds	Mechanic al System	Mechanical System	Mechanical System
3	3	3	3	3	3
2	2	2	3	4	4
2	2	3	3	3	3



**CITY OF DENHAM SPRINGS, LOUISIANA**

**REPORTS ON COMPLIANCE**  
**AND INTERNAL CONTROL**

**JUNE 30, 2012**

**CITY OF DENHAM SPRINGS, LOUISIANA**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1 - 2
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect On Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	3 - 4
Schedule of Expenditures of Federal Awards.....	5
Notes to Schedule of Expenditures of Federal Awards.....	6
Schedule of Findings and Questioned Costs.....	7 - 8
Summary Schedule of Prior Year Findings and Questioned Costs.....	9

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone: 225.928.4770 • Fax: 225.926.0945  
www.htbcpa.com

December 27, 2012

The Mayor and Members of  
the City Council  
City of Denham Springs  
Denham Springs, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison statement of the general fund, and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the City of Denham Springs, Louisiana's basic financial statements and have issued our report thereon dated December 27, 2012. We have also audited the financial statements of each of the City's nonmajor governmental funds and internal service fund presented in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

Management of the City of Denham Springs, Louisiana, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Denham Springs in a separate letter dated December 27, 2012.

This report is intended solely for the information and use of management and the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully submitted,

*Hannis J. Bougeois, CPA*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone: 225.928.4770 • Fax: 225.926.0945  
[www.htbcpa.com](http://www.htbcpa.com)

December 27, 2012

The Mayor and Members of  
the City Council  
City of Denham Springs  
Denham Springs, Louisiana

Compliance

We have audited the City of Denham Springs' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2012. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Denham Springs complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City of Denham Springs is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal

control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison statement of the general fund and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 27, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully submitted,

*Harmon T. Bourgeois, CPA*



**CITY OF DENHAM SPRINGS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<b><u>Federal Grants</u></b>			
<b><u>United States Department of Justice</u></b>			
Office of Community Oriented Policing Services	16.710	2008UMWX0042	\$ 75,143
<b><u>United States Department of Transportation</u></b>			
Passed through State of Louisiana Department Of Transportation and Development			
Highway Planning and Construction [1]	20.205	H.009117	332,611
Recreational Trails Program [1]	20.219	745-32-0006	73,216
			<hr/>
Total U.S. Department of Transportation			405,827
			<hr/>
Total Federal Grants			480,970
			<hr/>
<b><u>American Recovery and Reinvestment Act</u></b>			
<b><u>United States Department of Energy</u></b>			
Passed through Livingston Parish Council			
Energy Efficiency and Conservation Block Grant Program	81.128	EEA-1031	61,704
			<hr/>
Total American Recovery and Reinvestment Act (ARRA)			61,704
			<hr/>
Total Expenditures of Federal Awards			\$ 542,674
			<hr/>

[1] Highway Planning and Construction Cluster

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY OF DENHAM SPRINGS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**JUNE 30, 2012**

**Note 1 - Significant Accounting Policies-**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Denham Springs, Louisiana, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. The City's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2012.

**Note 2 - Relationship to Financial Statements -**

Amounts reported in the schedule of expenditures of federal awards agree with the amounts reported in the related financial reports.

See auditor's report.

**CITY OF DENHAM SPRINGS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

- A. As required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the following is a summary of the results of our audit:

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- |                                                       |           |                            |
|-------------------------------------------------------|-----------|----------------------------|
| • Material weaknesses identified?                     | _____ Yes | <u>  x  </u> No            |
| • Significant deficiencies identified?                | _____ Yes | <u>  x  </u> None Reported |
| Noncompliance material to financial statements noted? | _____ Yes | <u>  x  </u> No            |

**Federal Awards**

Internal control over major programs:

- |                                        |           |                            |
|----------------------------------------|-----------|----------------------------|
| • Material weaknesses identified?      | _____ Yes | <u>  x  </u> No            |
| • Significant deficiencies identified? | _____ Yes | <u>  x  </u> None Reported |

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

\_\_\_\_\_ Yes   x   No

The following programs were tested as a Type "A" major programs:

Federal Grantor/  
Pass - Through Grantor/  
Program Name

CFDA  
Number

**United States Department of Transportation**

Passed Through State of Louisiana

Department of Transportation and Development

Highway Planning and Construction [1]

20.205

Recreational Trails Program [1]

20.219

- The threshold for distinguishing Types A and B programs was \$300,000.
- The City was not determined to be a low-risk auditee.

[1] Highway Planning and Construction Cluster

**CITY OF DENHAM SPRINGS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2012**

**B. Findings - Internal Control Over Financial Reporting**

**None.**

**C. Findings - Compliance and Other Matters**

**None.**

## **CITY OF DENHAM SPRINGS**

### **SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

**A. Findings - Internal Control Over Financial Reporting**

None.

**B. Findings - Compliance and Other Matters**

**Finding 2011-1 Public Bid Law (LSA – R.S. 38:2212.1):**

**Finding:**

During fiscal year 2011, the City purchased Kel-Ar Energy utility billing software for a cost of \$28,000. Prior to the purchase of Kel-Ar Energy utility billing software, the City was using the utility billing module of New World software which was the City's primary accounting software. Through discussions with the City, it was noted that the utility department had been having issues with the utility billing module of New World since its purchase and installation in 2008. The utility department researched utility billing softwares and determined that Kel-Ar Energy software would fit their needs.

When the City purchased the Kel-Ar Energy software, they did not obtain at least 3 telephone or facsimile quotes as required by state law. The City considered the purchase of the Kel-Ar Energy utility billing software a software upgrade versus considering it a new purchase that would require following state requirements. We considered the purchase of the Kel-Ar Energy software a new purchase of software. It was not an upgrade to their existing New World software.

**Recommendation:**

We recommended the City comply with public bid law requirements. As required by Louisiana state law, public entities that have purchases of materials and supplies for a value of less than \$30,000 but greater than or equal to \$10,000 must obtain at least 3 telephone or facsimile quotes and obtain written confirmation of the accepted offer.

**Management's Response:**

Management purchased a software upgrade of its utility software program through Kel AR Consulting, LLC. Management's software purchase decision was based on the Louisiana Legislative Auditor legal division public bid law summary revised date of 9/21/2009 - page 40, Section VIII. Procurement of Computers and Computer Software, paragraph D. "software upgrades, that do not require purchase of a substantially new version of the software, would likely not require bid as they likely fall under routine maintenance". This statement of fact did not clarify, nor refute that it must or shall be from the same vendor.

**Corrective Action Taken:**

During our current year testing, no violations of the State Bid Laws were noted.

2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone: 225.928.4770 • Fax: 225.926.0945  
www.htbcpa.com

December 27, 2012

The Mayor and Members of  
the City Council  
City of Denham Springs  
Denham Springs, Louisiana

In planning and performing our audit of the basic financial statements of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit, we became aware of one matter that was an opportunity for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestion regarding that matter. This letter does not affect our report dated December 27, 2012, on the basic financial statements of the City of Denham Springs, Louisiana.

**CURRENT YEAR FINDING:**

**Finding 12-1:**

**Utility Fund Accounts Receivable Procedures:**

During our audit work on the utility fund accounts receivable and allowance for doubtful accounts, we noted a higher balance in the aging of accounts receivable greater than 90 days and a lower allowance for doubtful accounts. In discussion with City personnel, it was determined that during the City's conversion to a new utility fund billing software at the end of fiscal year June 30, 2011, the City did not set up a delinquent customers' code and maintain it during the current fiscal year. According to the City's procedures for delinquent accounts, when a customer's account becomes past due greater than 60 days, the customer's service is cutoff. After the customer's service is shut off and the City has exhausted its' collection efforts, the customer's account is turned over to a collection agency. When the account is turned over to the collection agency, the account should be moved to a delinquent account status. Delinquent account status indicates that services have been shut off and the account has been turned over to collections but has not been written off. The City sets up an allowance for doubtful accounts for one hundred percent of the accounts in the delinquent account status.

It appears that the City was cutting off services according to procedures but was not transferring the accounts to delinquent status and turning them over to collections on a timely basis. Also, based on discussions with City personnel, it appears that the breakdown in the procedures may have occurred due to a change in utility department billing personnel during the current year.

Recommendation:

We recommend the City follow its procedures related to delinquent accounts.

Management's Response:

During the audit after we discussed the increase in the accounts receivable aging balance greater than 90 days and the lower allowance for doubtful accounts with management, they researched the customer accounts for the current fiscal year to determine which customer accounts needed to be moved to delinquent status, set up a new delinquent customer group code in their billing system, moved the applicable delinquent customer accounts to the new group code, and recalculated the allowance for doubtful accounts. They were also working on turning over any applicable accounts to collections.

Management also reassigned positions within the utility billing department. The billing manager who moved out of state during the year and has since returned has been reassigned as manager of the department.

This report is intended for the use of management, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Denham Springs, Louisiana, is a matter of public record.

Respectfully submitted,

*Hannou J. Bourgeois, M.P.*



---

2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone: 225.928.4770 • Fax: 225.926.0945  
www.htbcpa.com

December 31, 2012

Mr. Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
State of Louisiana  
P.O. Box 94397  
Baton Rouge, LA 70804

Re: City of Denham Springs, LA  
Audit for the Fiscal Year  
Ended June 30, 2012

Dear Mr. Purpera:

We have completed our audit of the City of Denham Springs, Louisiana for the fiscal year ended June 30, 2012, and submit herewith for your disposition our PDF File including the Comprehensive Annual Financial Report, the Reports on Compliance and Internal Control, the federal data collection form, and our Management Letter.

Sixty-two copies of the reports have been delivered to the City and two copies of the Comprehensive Annual Financial Reports have been submitted to the GFOA.

We have retained one copy of the report in our files, along with all workpapers for this engagement and will retain these files for at least five years. We will provide a suitable work area and duplicating equipment needed by your employees assigned to examine them.

Sincerely,

HANNIS T. BOURGEOIS, LLP

  
Fernand P. Genre, CPA